JOHN SHERMAN

WHEN SECRETARY OF THE TREASURY.

# JOHN SHERMAN

## *HIS LIFE AND PUBLIC SERVICES*

BY

WINFIELD S. KERR

*Late Member of the Ohio Senate and Representative in Congress from 14th Ohio District.*

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# INTRODUCTION

I HAVE not attempted, in the preparation of this LIFE OF JOHN SHERMAN, to present more than the merest outline of his life, private and professional, prior to his entering the public service. The duty of doing this was performed by himself in his RECOLLECTIONS. I have endeavored to present, with sufficient fullness, all the public acts and political movements with which he was connected, or had to do in his public life, and to fairly estimate the value and importance of his part in these.

One of the weaknesses of biography is hero-worship. The weakness of a biography, written as this one has been — a friend's tribute to a great contemporary character — is the natural tendency toward exaggeration. In the mere personal tribute, this work may exhibit this fault, but in the portrayal of the achievements of Mr. Sherman in that field of public service, where he was so conspicuously able, and in which he wrought so mightily, the words do not, and words cannot adequately describe, or measure, the value of these achievements to the Nation. It is no disparagement to others to say that from the beginning of the Civil War to the completion and success of the Act for the Resumption of Specie Payments — a period of nearly twenty years — John Sherman, as Senator and Secretary of the Treasury, had more to do than any single public official in the passage and execution of those financial acts and measures, which, during its existence, furnished the means of prosecuting the war, and then

when it was over, in devising the way back to a specie basis, and providing for the payment and refunding of the public debt.

But, Mr. Sherman's right to enduring fame does not rest altogether upon the acts and measures of money and finance, with which he had to do. If he had not been so conspicuously connected with them, and had not acted so potential a part, or no part at all in these matters, he would have secured lasting fame and been entitled to the gratitude of his countrymen. He was a most important factor in the first organized effort to stay the spread of slavery. A few months after the beginning of his first term, in the House of Representatives, he was recognized as one of the leaders of the anti-slavery membership of the House. At the close of his second term, he was, by unanimous consent, the leader of the Republican side. At the beginning of the Civil War, he was a trusted leader of his party and a statesman of acknowledged ability. If Mr. Sherman had left the public service at the beginning of the war, and had gone back to it thirty years after, and accomplished what he did, in the passage of the "Sherman Anti-Trust Law," he would rightfully have been assigned a high place among the statesmen of the Republic.

Mr. Sherman, in his last will and testament, provided for the writing of an impartial biography, but he placed in connection with this provision the following words:—

"This provision is not made to secure a eulogy, for I am conscious of many faults, but I claim that in my duty to the public, I have been honest, faithful and true."

I have endeavored to show that this modest estimate of the character of his public service is true.

W. S. KERR.

MANSFIELD, OHIO, *January 1st, 1907.*

# TABLE OF CONTENTS

## CHAPTER X.



## CHAPTER XI.



## CHAPTER XII.



## CHAPTER XIII.



## CHAPTER XIV.

## CHAPTER XV.



## CHAPTER XVI.



## CHAPTER XVII.



## CHAPTER XVIII.

## CHAPTER XIX.



## CHAPTER XX.



## CHAPTER XXI.



## CHAPTER XXII.



## CHAPTER XXIII.

## CHAPTER XXVIII.



## CHAPTER XXIX.



## CHAPTER XXX.



## CHAPTER XXXI.

## CHAPTER XXXII.



## CHAPTER XXXIII.



## CHAPTER XXXIV.



## CHAPTER XXXV.



## CHAPTER XXXVI.

## CHAPTER XXXVII.



## CHAPTER XXXVIII.



## CHAPTER XXXIX.



## CHAPTER XL.

## CHAPTER XLI.

# LIFE OF JOHN SHERMAN

## CHAPTER I.

JOHN SHERMAN — HIS ANCESTRY, BIRTH AND BOYHOOD.

THE ancestors of John Sherman were celebrated in the annals of New England for piety, probity and patriotism. The Sherman family had been long noted for legal learning and wise and faithful public service, the Stoddards for their stern piety and unswerving honesty. The union of the Sherman and Stoddard families unites two verile currents of life.

Daniel Sherman, of Woodbury, Connecticut, brother of Taylor Sherman, the grandfather of John Sherman, was Justice of the Quorum for twenty-five years and Judge of the Litchfield County Court for five years. For sixteen years he was Probate Clerk for the District of Woodbury and Judge of the District for thirty-seven years. He represented his native town in the General Assembly for sixty-five years, a length of service which has no parallel in American history. He was born August 14th, 1721, and died July 2nd, 1799.

The Rev. Anthony Stoddard, the grandfather of Elizabeth Stoddard Sherman, the wife of Taylor Sherman and the grandmother of John Sherman, was pastor, doctor, lawyer and Indian fighter. Evil had no more stern and implacable foe than this old Puritan preacher. With him religion was the first duty,— after that, any service that would contribute to the

good of his fellow men. He preached for seventy pounds a year, to be paid in "wheat, pease, Indian corn and pork, proportionately; also firewood." His flock, so the church record states, promised to build him a house, he to furnish the "nayles and glass."

In 1787, Taylor Sherman married Elizabeth Stoddard and the first son born of the marriage was Charles Robert Sherman, father of John Sherman. This son was bred to the law and, after being admitted to the bar and marrying Mary Hoyt, of Norwalk, Connecticut, he settled at Lancaster, Ohio, in 1811. The Hoyts were early settlers in Norwalk and were mostly merchants and sailors. They were Episcopalians and very strict church people. Isaac Hoyt, the father of Mrs. Charles R. Sherman, was a man of means and carefully educated his daughter.

Charles R. Sherman, then less than twenty-four years of age, began the practice of law immediately upon his arrival in Ohio. He was elected a major in the Ohio Militia and delivered a most patriotic and enthusiastic speech to the soldiers of his regiment, upon the occasion of its being called for service in the War of 1812. In 1813, President Monroe appointed him Collector of Internal Revenue for the Third District of Ohio. By the depreciation of State bank money and the defalcation of one of his deputies, Mr. Sherman suffered large losses, but with an honesty to be expected of a man with such an ancestry, he made good the last penny to the Government, impoverished himself, and left a heritage of poverty to his family.

He arose rapidly as a lawyer and, in 1825, was appointed by the legislature a member of the Supreme Court of Ohio. As a judge he was popular because of his kindly treatment of members of the bar and especially of young men. He was respected and honored for the fairness and ability with which he investigated and decided causes. On the twenty-fourth day of June, 1829, he died suddenly, while in the discharge of his duties at Lebanon. He was mourned by the bar of Ohio, not only as a just judge but as a kind friend. He died at

the age of forty-one in the meridian of his life and powers. He was a man of fine intellect, of the highest integrity and of that patient courage, indispensable to success in new communities. He was, in all respects, a fitting link to connect the Shermans of New England with the new generation, which was to become so illustrious in the fame of his sons. Had his life been stretched to the usual span of three score and ten, he would have been honored with high positions in his adopted State and he would have graced and honored any position in the Nation.

We shall find that the blood of the old Connecticut family was as virile in the veins of the Ohio Shermans as it had been in the days of Roger Sherman, when men did not hesitate to hazard life and fortune in the cause of American Independence.

Charles R. Sherman and Mary Hoyt had eleven children, all of whom were born at Lancaster, in Ohio, except the eldest, Charles Taylor Sherman, who was born in Connecticut and carried to the West when less than a year old. Their children came rapidly, — the youngest, Fanny, was only three months old when the father died in 1829. William Tecumseh was born nine years after the family located permanently at Lancaster. John, the eighth child, was born May 10th, 1823, and was, therefore, just past six at the death of his father. Judge Sherman left but little property. Mrs. Sherman had a small income from her father's estate and the grandmother, Elizabeth Stoddard Sherman, who had become a member of the family, had some land of uncertain value in the "Fire-lands" on the Western Reserve.

Overwhelmed with a sudden and unexpected bereavement in the death of her husband, the widow was left with eleven children, the eldest of whom was only eighteen years of age, and with insufficient means to bring them up. Friends came to her relief but the relief necessitated the separation of the family. Thomas Ewing, then risen to great prominence as a lawyer and rapidly rising to prominence as a public man, took William Tecumseh into his family. Mr. Ewing soon

after was elected Senator from Ohio and, when Tecumseh arrived at the age of sixteen, he appointed him a cadet at West Point. John remained at home and attended a private school in the village. Two years after his father's death he went to Mt. Vernon, Ohio, and for four years lived in the family of John Sherman, a relative of his father, and attended a private school there. He then returned to Lancaster and attended school until he was fourteen years of age. This completed his school education. He was somewhat proficient in mathematics but his general education was hardly as good or as far advanced as a pupil of fourteen would be in the common schools of the present day.

When he went to Mt. Vernon, it was with the expectation that, after a preparatory course, he would enter Kenyon College, which was located at Gambier, five miles east of Mt. Vernon. The defeat of this plan and John's early determination to earn his own living deprived him of the advantages of a collegiate education. He had learned a little Latin from his teachers but the rest of his schooling was elementary. The whole of his education, when he quit school, very meagerly equipped him for the great duties which he was to perform, but the deficiency in general education was very largely supplied by his indefatigable industry and his unconquerable determination to learn.

At fourteen years of age John, through the influence of his brother Charles, who was by this time a practicing attorney at Mansfield, and through the intercession of friends at Mt. Vernon, was appointed one of the junior rodmen on the Muskingum River improvement under Col. Samuel R. Curtis, the supervising engineer. At this time his aspirations and his dreams were for fortune and not for fame. He was employed under Colonel Curtis for two years and he did everything assigned him with the most scrupulous fidelity. His duties did not occupy all his time and he found some time to devote to general reading. During this period, and before John was sixteen years of age, he embarked in his first business venture. He purchased a small cargo of salt, apples

and other produce, intending to float it down the river to Cincinnati, Ohio, and sell at a profit. His calculations were all right and the profit would have been realized, but an unusually low river detained the boat on the way, until winter set in and the river froze. It did not open until in January, some weeks after he had calculated on reaching the market. Some of the produce was sold on the way and, when Cincinnati was at last reached, salt had so fallen in price that the net result was a loss. The barge required the services of three men in its descent down the river. This venture, while a losing one and of no importance of itself, yet illustrates the business trend and capability of the young man's mind at the age when most boys are at school or play. History will show very few instances of a boy fifteen years of age engaging in a business of this magnitude and requiring the risk of capital and the forethought thus involved. The transaction involved the knowledge of conditions, rare in a boy of his age. He must have made his calculations upon a knowledge of the price of the commodities at the place of purchase and at Cincinnati where he expected to market them. He must have been able to figure, with some accuracy, the cost of his barge, the wages of the men to man it, and the necessary expenses of the voyage. Altogether, it was a business problem that few boys of fifteen could think intelligently about, much less solve practically, as he was able to do.

His employment on the canals ended in June or July, 1839, and he returned to his mother's home at Lancaster. The fall election of 1838, in Ohio, had changed the politics of the State administration and, as a result, all appointive officers were changed. The new superintendent of canals made a clean sweep and John fell with the rest. On his return to Lancaster he was employed, for a brief time, in one of the county offices, doing clerical work. In the autumn of 1839, he made a visit to Mansfield where his brother Charles was practicing law and where his brother-in-law, Robert McComb, and his uncle, Judge Parker, lived and were in business. Up

to this time it does not appear that John had seriously considered the question as to what he should do in life, but, while on this visit, it was settled that he should study law in the office of his brother at Mansfield, and particularly under the guidance and instruction of his uncle, Judge Parker, who was an able lawyer, although not at that time in practice. He returned to Lancaster, appreciating that his education was somewhat attenuated to serve as an equipment for a lawyer, and, in an effort to repair the defect, he spent the winter in reading and studying such books as he could obtain.

## CHAPTER II.

### Law Student and Lawyer.

Early in the spring of 1840, John returned to Mansfield and immediately began the study of law. He had many advantages over other law students of the town. His brother Charles took a deep interest in him and gave him many opportunities to learn the practice, while Judge Parker marked out and supervised a course of study calculated to inculcate, in the young student, a thorough knowledge of the principles of the law. During the four years occupied by the young man in preparing for the bar, he had time and opportunity to read extensively outside the technical books of the profession. He was prepared for admittance to practice two years before he was actually admitted. The laws of Ohio, however, did not license young men under the age of twenty-one, so John had to possess his soul in patience until age made him eligible. The two years of waiting were not wasted. He tried many cases before Justices of the Peace, drew pleadings, took the evidence of witnesses, drew deeds and contracts, gave advice to clients and, indeed, performed all the duties of the profession, except formal appearance in courts of record, before he was legally licensed to practice. When he was admitted to practice, which occurred on the tenth day of May, 1844, his twenty-first birthday, he was better equipped for the strenuous contests of the bar than the average of young men when admitted.

If a young man of twenty-one can be said to look imposing, John Sherman certainly possessed an imposing personality at that age. He was upwards of six feet in height, slender, but strongly made, straight as an arrow,

with a walk quick, but of great dignity, a smooth face and abundant dark hair worn long as was the fashion then, a speech somewhat rapid and nervous, but always clear, plain and free from confusion, a manner somewhat cold and diffident but not at all repellant; all in all, he possessed a personality inspiring and inviting trust and confidence.

The great majority of lawyers do not more than earn a living in the first ten years of practice, but John Sherman did not experience the discouragements, nor the danger of rust, usual in building up a practice. Immediately upon his admission to the bar in 1844, he became an equal partner with his brother, Charles T. Sherman, and from that time until politics wooed him away from his profession he had a large and lucrative business. His brother, while an excellent counsellor, was diffident and disinclined to engage personally in litigated cases. This gave John the burden of that class of business and brought him into local prominence much earlier than he otherwise would have attained it. Their law practice, however, was not of the kind that brings young lawyers into prominence by the display at the bar of unusual speaking ability, at least not in the early days or years of the firm's business.

Charles's practice, prior to John's admission to the bar and before the formation of the professional partnership between them, was largely a collection business and partook as much of banking as of law. Of course, there was litigated business, cases to try, but in the early days none of sufficient importance, or rather attracting sufficient public attention, to enable the young lawyer to leap into prominence. The only litigated case tried at Mansfield, the memory of which remains, was an action for libel, brought by John Y. Glessner, the editor and proprietor of the Democratic county organ against the "Herald," the Whig or Republican organ. Mr. Sherman represented the "Herald," and the jury rendered a verdict against his client for nominal damages only. When it is considered that the county was Democratic and the case one with a political com-

plexion, the result speaks highly of his ability as a trial lawyer.

He was associated with Hon. Columbus Delano in the trial of an important case at Mt. Vernon, in which he distinguished himself. In the course of his ten years' practice of the law, prior to his election to Congress, he was engaged in many important trials, as country litigation goes, and always protected his clients' interest with ability and the greatest fidelity.

The success or merit of a professional career should be measured very largely by the ability and character of the professional opponents against whom it is made. When John Sherman began practice, the Richland County bar was an unusually strong one. There was Judge James Stewart, the father of Mrs. Sherman, courtly, dignified, eloquent and able. There was Judge Thomas W. Bartley, afterwards married to Susan Sherman, pugnacious, argumentative and learned in the law above any of his colleagues. There was Jacob Brinkerhoff, a most persuasive speaker and a splendid trial lawyer. There was Samuel J. Kirkwood, just entering the profession, but industrious and confident. There were many others fit to honor any bar, but these mentioned were exceptionally able lawyers and some of them afterward achieved great distinction as jurists or public men. It was against such competitors and in association with such men that John Sherman, in ten years, reached a most honorable position in the profession of the law. It can not be said that he was a great lawyer, the profession affords but one or two examples in a hundred years of men achieving great and deserved distinction in ten years. There can be no doubt, however, that if he had put into a professional career the years and effort he devoted to public service, he would have taken rank with the great lawyers of the American bar.

Whatever of importance and interest there may be in the professional side of John Sherman's life does not lie in its details. A village of three or four thousand population, as Mansfield was when he practiced law, did not afford oppor-

tunity for great or very interesting professional successes and experiences. From 1844 to 1854, he was a country lawyer, with the environment and limitations of a country lawyer. There were some important cases to try, some difficult legal complications to unravel, some comparatively large collections to make, enough business to afford opportunity for mental training and to acquire professional experience and confidence, but yet not so large as to absorb him to the exclusion of everything else.

The history of Mr. Sherman's career at the bar may be written in a few words because we are not much concerned in what he did. The volume and character of his law practice are not essential to a portrayal of his life work. It is enough to say, that he lived up to the highest standard of professional ethics. He was always fair with his client. He gave him the kind of advice which was for his client's interest and benefit. If a lawsuit was necessary — and he never began one unless it was necessary — being in it, he fulfilled the scriptural injunction and fought mightily for the victory. He never omitted anything which industry and application would bring out to sustain his client's cause. He never charged his client for time nor took it from the court in the multiplication of superfluous words. His speech was plain, direct, honest and logical. There was no ornamentation in his arguments either to court or jury. He never finished a law speech with a peroration.

It was natural that a young lawyer of this habit and these characteristics should inspire confidence, but it is somewhat marvelous, when we think of it, that a young man of his habits of speech should be sent to Congress at the age of thirty-one from a country community, where speaking is never at a discount. During this period Mr. Sherman's ability, characteristics and methods were prophetic of a successful and perhaps of a great career, but not of an early rise. From his ten years of practice he had saved a few thousand dollars in money, and with and from some other business in which he engaged during this time he was comfortably well

off when he was elected to Congress. His little fortune, measured by the standard of the present day, was no fortune at all; but then it was a reasonable competence.

Mr. Sherman did not give over practicing law when he began his first Congressional term. On the contrary, he practiced all he could consistently with a discharge of his public duties for some years after his election. Indeed, he had been in Congress some time before he seriously considered the question of leaving permanently the law for politics, but gradually, whether he willed it so or not, his public duties took more and more of his time until finally he ceased practicing altogether.

## CHAPTER III.

NOMINATED FOR CONGRESS.—CANDIDATES.—ELECTION.—THE POLITICAL ISSUES IN THE CAMPAIGN OF 1854.—DELEGATES TO NATIONAL CONVENTION.

MR. SHERMAN was nominated for Congress in the thirteenth Ohio District and at about the only time when one of his party affiliation and his political principles could have been elected. This district was composed of the counties of Huron, Erie, Richland, and Morrow and, at the previous election, had given a Democratic majority of nearly eight hundred. He became a candidate at a time most auspicious for a man of his conservative character and of his courage to begin a public career. The old lines, which for years had divided the great mass of voters into two parties, were being broken. The controlling questions were fast becoming sectional and, in the process, were rapidly losing their political identity and significance.

When the Whig or Anti-Nebraska nomination was first discussed, the chances of an election were almost nothing, and the nomination was looked upon as an empty honor. The prospect, however, brightened as the time for the convention approached. A little more than a month prior to the convention the Democratic party forced to its passage, the Kansas-Nebraska Bill and set the North on fire. The pulpits of nearly every church in the North thundered at the outrage. In the fervent heat party lines began to dissolve. The Whigs and Free-Soilers, the Know-Nothings and Anti-Nebraska men joined in a spontaneous movement to punish the Democrats for their gross violation of the National faith in repealing the Missouri Compromise. For a time it was

believed that this law, with the repealing clause, would not pass and while this belief existed, Democrats were loath to leave their party. But on the thirtieth day of May, 1854, the bill passed, and from that on until the election in October the Democratic party suffered losses in membership that were altogether unprecedented in party warfare.

Richland, Mr. Sherman's home county, had three candidates for the Congressional nomination. The first in prominence and political experience was Jacob Brinkerhoff. He had served two terms in Congress and had drafted the "Wilmot Proviso." He had been a Democrat but his position at this time accorded with the most advanced anti-slavery sentiment. The second was Thomas H. Ford. He was a man of brilliant talents and, but for his somewhat indolent habits, would have achieved great distinction. He was a splendid orator and was popular with the people.

Mr. Sherman had none of these advantages possessed by his opponents. He was not an orator in the common understanding of the term, he had not the popular qualities of Ford, nor the experience of Brinkerhoff. But the vision of the organization forming for a long and desperate contest was wider than the seeming expedience of the hour. Sherman was a young man and the people had faith in the enduring quality of his talents. He was an honest man and they believed that public life could not corrupt him. They trusted him implicitly, as a lawyer and a business man, and they were willing to trust him as a public servant. The three candidates for the nomination agreed to submit their aspirations to a convention of Richland County and the one receiving a majority of the votes in that convention should be the only candidate before the District Convention. Mr. Sherman was selected as the candidate of his county by a large majority.

The District Convention met in July, 1854, at Shelby, Ohio. There were several candidates, the most prominent of whom was Hon. J. M. Root, of Erie County, a gentleman who had served some time in Congress and was a popular public speaker. Mr. Sherman was nominated without much diffi-

culty. The Democrats renominated William D. Lindsley, who was then a member of the Thirty-third Congress and an Anti-Nebraska Democrat. He had voted against the Kansas-Nebraska Bill and was, therefore, in position to consistently ask the support of those of his party who had refused to follow Douglas. He was a farmer, a popular man, and a very formidable opponent. The result was in doubt until the votes were counted. The Democrats confidently claimed the election of Lindsley and, while the Whigs were not confident of the election of Mr. Sherman, they were hopeful.

At this election there was practiced, perhaps for the first time what afterwards came to be known as vest pocket voting. Voters in large numbers would approach the polling places with their tickets folded in their vest pockets and, without giving the electioneerers about the polls an opportunity to address them, would hand their tickets to the election judges. At a later time and in the light of experience, this method of voting, under the conditions then existing, would have been correctly construed as unfavorable to the dominant party. Mr. Sherman carried on a very vigorous campaign, speaking in nearly every town in the district. He was elected by a majority of 2,823 votes. Slavery was the only issue discussed or thought of. The opposition to the Democratic party coalesced upon the single proposition that slavery should not fasten itself, or be fastened, upon another foot of the territory of the United States.

At the time of Mr. Sherman's nomination and election he was in his thirty-second year. He had been in the practice of the law ten years but he had never been a candidate for office, nor had he devoted much working time to politics. Upon the political question dividing the parties prior to this time he was a Whig and he continued a Whig until the reformation of party lines to resist more effectually the extension of slavery brought into existence the Republican party. He was elected to Congress upon an Anti-Nebraska platform but, when slavery and its extention became the great overshadowing issue between the North

and the South, he promptly became one of the important factors in the organization of the Republican party.

He had been a Whig delegate to the National Conventions of 1848 and 1852, in the latter year a delegate at large. Although there was not so much competition in those days as now for these positions of honor and expense, yet it was an evidence of unusual ability and an unusual honor to confer upon a man twenty-four years old. Thus early it may be seen that Mr. Sherman's friends and neighbors discovered, through the exterior of youth and inexperience, something of his uncommon equipment for public service. A few of his old friends of his ante-Bellum days yet survive, but none of them are willing to assert that his marvelous career was predicted or expected by those who picked him for positions of honor and responsibility so early in his life.

While he was making his first campaign for Congress and in the midst of a speech at North Fairfield, Huron County, he was interrogated by a minister of the Gospel, the pastor of the church in which he was speaking, as to whether, if elected, he would vote to abolish slavery in the District of Columbia. Huron County was in the old Western Reserve, its people were intensely hostile to slavery and no doubt nine-tenths of those present at this meeting were abolitionists. The great majority of candidates so situated would have answered in the affirmative and thus prospered their candidacy; many would have evaded or refused a direct affirmative or negative, and trimmed. But not John Sherman. He promptly answered "*No,*" and it was believed at the time that he had defeated himself. This incident showed him to be a frank and courageous man.

## CHAPTER IV.

THE SLAVERY QUESTION.—THE WILMOT PROVISO.—THE MISSOURI COMPROMISE.—DOUGLAS'S ATTITUDE.—REPEAL OF THE COMPROMISE.—THE COMPROMISE RESOLUTIONS OF 1850.—CLAY, CALHOUN AND WEBSTER.—JEFFERSON DAVIS AND HIS COADJUTORS.—CALIFORNIA CONSTITUTION.—THE DRED SCOTT DECISION.—THE WHIG PARTY.

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IN 1854, Stephen A. Douglas gave the power and prestige of his commanding station and his great influence to a movement to repeal the Missouri Compromise. Without his support, the attempt to abrogate this law would have met signal and perhaps ridiculous failure; and thus did he unwittingly unloose upon the Nation, the unnumbered woes of civil war. This Compromise embodied, in legal form, an equitable division of the territory of the Union between freedom and slavery, as the basis of a supposed enduring settlement of the slavery question. Its repeal, in order that slavery might be extended into the Territories north of that line, started a wave of popular sentiment and indignation which, in the end, defeated Douglas's ultimate ambition and carried Abraham Lincoln into the presidency of the Republic. For a quarter of a century after the Missouri line had been adopted, slavery agitation did not disturb the peace nor endanger the permanency of the Government. The Compromise law of 1820 while it was a source of irritation to the radical anti-slavery people and was grudgingly and complainingly accepted by the South, by the great mass north and south it was regarded as a final settlement of a troublesome and dangerous contention.

On the eighth day of August, 1846, when a bill was under consideration in the House of Representatives, putting at the

disposal of the President, two million dollars, to be used in concluding a peace with Mexico, David Wilmot, a Representative from the State of Pennsylvania, proposed an amendment which provided that neither slavery nor involuntary servitude should ever exist in any Territory acquired from Mexico. This amendment was adopted in the House, by a vote of eighty-three ayes to sixty-four nays. On the third day of March, 1847, the day before the Twenty-ninth Congress expired, the same Representative proposed the same amendment, in substantially the same words, to the bill placing three million dollars at the disposal of the President to conclude a peace with the Republic of Mexico. This amendment passed in the Committee of the Whole, but failed in the House. These disputes, at this time, were largely upon abstractions, but in anticipation of a situation or condition which was certain to confront the country and demand solution, in the event of a successful termination of the Mexican War. It was obvious that Mexico could not respond with an adequate war indemnity, except by a cession of territory. The balance of power between the North and the South had been disturbed and then destroyed, by the growth and progress of the free States and Territories. The annexation of Texas, with the possibility of four slave states being carved from her splendid domain, gave some hope to the South that the equilibrium might again be restored. The war with Mexico terminated in the acquisition of California and New Mexico by the Treaty of Guadalupe-Hidalgo in 1848, and the South, encouraged and inspired by the prospect of additional slave territory, entered upon a course, the ultimate object of which was to regain its ancient prestige in the Federal Government, and again dominate National politics and control National policies.

California came to Congress with a constitution prohibiting slavery and demanded admission into the Union of the States. The southern Senators and Members, with substantial unanimity, opposed her admission because of the slavery provision. A few days before President Polk transmitted to Congress,

the constitution of California, Henry Clay, introduced in the Senate the celebrated compromise resolutions of 1850. These resolutions occupied the attention of the Senate many days and were the subject of rancorous debates and much crimination and recrimination between the sections, and finally the resolutions, with the whole subject of the admission of California and slavery, were referred to a select committee of thirteen, of which Mr. Clay was chairman. The committee reported back a bill containing five distinct propositions, which together, formed the basis and the terms of a settlement of the vexed differences which had, for months, threatened the most dire results. A considerable number of southern statesmen in Congress were determined that the territory, acquired from Mexico, should not be organized with any restrictions upon the subject of slavery and, if possible, that the provisions of its organic law should facilitate the introduction and possession of slave property. This bill provided: first, for the admission of California as a free State; second, for the organization of the Territories of New Mexico and Utah; third, the abolition of the slave trade in the District of Columbia; fourth, a new fugitive slave law; and fifth, the payment of a bonus of ten million dollars to Texas, to adjust her boundaries.

Jefferson Davis was one of the most able, as he was one of the most persistent, opponents of the measure. His coajutors in the Senate were such men as Atchison, Mason, Hunter, Yulee and Pierre Soule all, or nearly all of whom were afterwards prominent actors in the conspiracy to destroy the Union. After the bill had passed the Senate, these Senators with others spread upon the records a protest which concluded with this prediction couched in these words of treason: "And must lead, if persisted in, to the dissolution of that Confederacy, in which the slave holding States have never sought more than equality and in which they will never consent to remain with less." The bill in its omnibus form never passed, but the separate propositions in separate enactments became laws.

This great compromise measure experienced many strange and interesting vicissitudes before it was finally disposed of in Congress. The leading features of the debates in the Senate were the speeches of John C. Calhoun and Daniel Webster and the closing speech of Henry Clay. Calhoun, broken in health and strength, was fast approaching the end of his career and his life. The Clay resolutions had been under consideration and discussion in the Senate since January 29th, 1850, when, on the morning of March 4th, Calhoun arose in his seat and, announcing to his colleagues that his indisposition, recently aggravated, prevented him from delivering his sentiments upon the important measure, asked consent that Senator Mason, of Virginia, be permitted to read remarks which he had reduced to writing. This permission being granted, Mason read a long and elaborate speech in which Calhoun reviewed with great ability the grievances which the South alleged against the North upon the subject of slavery.

Seventeen years before, Calhoun and Webster had broken lances over nullification and secession in a debate, which has never since been approached in argument and eloquence. By common consent it was left to Webster to answer the speech of Calhoun. On the morning of the seventh of March, Webster delivered that great speech which has since been designated as his seventh of March speech. In lofty eloquence and unanswerable argument, this speech sustained Webster's colossal reputation as an orator; but, for his admission that the North, about equally with the South, was to blame for the strained relations of the sections, he was ostracised politically and socially by the Abolitionists and radical anti-slavery people of New England.

President Taylor was bitterly hostile to Clay, and the whole power of his administration was thrown against the compromise resolutions. In this attitude of the parties and individuals we have revealed, better than in any words, the benign character of the compromise and the patriotic purpose of its supporters. Against it in the South were the Nullifiers, the Secessionists and the Fire-eaters, who, however they may

have differed in sentiment and detail, were all dreaming of the day when their section would separate from the Union and form a slave oligarchy. Against it in the North were the Abolitionists, the ultra anti-slavery people, and all who believed that no compromise should be made with the evil, no matter how much good might come of it. But events were rapidly working a solution of the problem of settlement. Two of its strongest opponents died before a vote was reached. On the morning of March 31st Calhoun died, and on the evening of July 9th, the dissolution of President Zachary Taylor was announced. His successor, Millard Fillmore, was favorable to the compromise and under these more favorable conditions it passed in the form heretofore suggested. Whatever faults this great and historic measure had it was pacific in its character and did allay for a time a growing and dangerous discontent. It was regarded as a reaffirmance of the Missouri Settlement, as a new deed of freedom to the territory north of the Missouri line, and was generally acquiesced in and accepted as a finality in the North. With the closing of the events of this most critical period, closed, substantially, the public careers of the two greatest parliamentary and forensic orators of our history, Clay and Webster. Each had been the idol of his section, Clay of the South and Webster of the North, but both were dethroned because in crises like that of 1850, they placed the Union, their glorious Union, above every other consideration and sailed by that star alone.

President Pierce, in his inaugural address on the fourth of March, 1853, congratulated the country that, after years of disquiet and contention, slavery agitation was at an end. And he gave assurances that no encouragement or countenance would be given by his administration to a reopening of the question. The surface signs were propitious. In 1849 Douglas, who was now fast becoming the leader of the northern Democracy and who was also extremely influential and popular in the South, said that the Missouri Compromise had "an origin akin to the Constitution" and that it was "canonized in the hearts of the American people."

On the second day of February, 1853, a bill was introduced into the House of Representatives entitled "A Bill to Organize the Territory of Nebraska." This bill passed the House on the tenth of the same month. While it was pending in the House, a member inquired of Mr. Giddings, of Ohio, who was a member of the Committee on Territories, why the slavery prohibition of the Ordinance of 1787 was not incorporated in the bill. Mr. Giddings replied that the south line of Nebraska being the 36° and 30′ of north latitude, the Missouri Compromise operated as an absolute prohibition of slavery within the territory and rendered unnecessary and superfluous the reënactment of the ordinance. In this connection, referring to the compromise, he said: "This law stands perpetually and I do not think that this act would receive any increased validity by a reënactment." The Senate Committee on Territories reported the bill favorably but, in the closing hours of that Congress, it was laid on the table. In the beginning of the next Congress, Douglas, as chairman of the Committee on Territories, reported favorably a bill to organize the territory. It was substantially the same bill as the one which had pressed the house in the previous Congress, except that it contained a provision permitting an appeal to the Supreme Court in all cases involving the title to slaves.

On the sixteenth day of January, Senator Dixon of Kentucky, the successor of Henry Clay, proposed an amendment to this Nebraska Bill, repealing the Missouri Compromise. Here, in the quiet of the Capitol, began a struggle for the Territories between freedom and slavery, which did not end until the tread of mighty armies had shaken the Republic to its foundation and drenched its soil in blood. Douglas at first remonstrated, privately, against the amendment and sought to have it withdrawn, but later gave it his support. While he joined heartily in this movement for repeal, he could not assign the same reason nor stand on the same ground, as his political brethren of the South. They frankly asserted that the South wanted its share of the Territories while he, with less honesty

but greater ingenuity, declared that the Missouri Settlement contravened the great principle of non-intervention, which was the soul of the compromise of 1850, and for that reason should be repealed. So doubtful were the sponsors of this infamous movement that they sought justification in the unusual course of injecting the reasons for the repeal in the body of the bill. President Pierce, who had declared in his inaugural address that the compromise of 1850 had given the country repose and that this repose should receive no shock during his administration, is credited with having written the reasons for the repeal of the Missouri Compromise which were incorporated in the Nebraska Bill. Before the bill passed it was amended so as to provide for the organization, as Territories, of both Kansas and Nebraska, and thus was it decreed that upon the soil of the former was to be fought the first battle of the Civil War.

When the Missouri Compromise was repealed in order to give slavery free entrance into the Territories, the South had three States, Louisiana, Arkansas and Missouri and the North but one, Iowa, organized from the Louisiana purchase. In all fairness, if this apportionment of territory between the free and slave sections was to be annulled, the act should have waited until the North had two more States out of the terrritory acquired from Napoleon. But the controversy was much broader and deeper than a quarrel over boundaries. It was to be a battle royal between freedom and slavery and now the battle lines were being drawn. Congress had refused to extend the line of the Missouri Compromise to the pacific, and the South was uncertain whether the territory acquired from Mexico, lying south of that line, would be available as slave territory. California, extending some degrees below the line, had already come in as a free State. Webster had declared, in his great speech of the seventh of March, that nature had effectually excluded slavery from the territory now organized as New Mexico and Arizona.

It was at this point, when the people of the North had settled to the belief that the boundaries of slavery were irre-

vocably fixed and that, if the institution was not in the process of ultimate extinction, its further extension was stayed, that the bold and ingenious movement was started to strengthen the South by fastening slavery upon Kansas and Nebraska. The demands of the South were made and its purposes proclaimed with directness and brutality. It claimed the right to take slaves into any territory and have them protected by the Constitution and laws as any other property. It denied the power of Congress to prohibit or in any way interfere with this right. This claim was so repugnant to the settled opinions of a great majority of the people of the North, regardless of party affiliation, that Douglas, in order to sustain himself and his party in that section, contrived the non-intervention or popular sovereignty doctrine, by which, it was asserted, the people of the Territories themselves would determine whether they should have slavery or not. This doctrine was seductive and somewhat popular and later enabled Douglas, by giving it a new feature at Freeport, to retain his place in the Senate as Senator from Illinois.

Three years after the repeal of the Missouri Compromise the Supreme Court of the United States decided, in the Dred-Scott case, that neither Congress nor the people of the Territories had the right to exclude slavery therefrom, prior to their application for statehood. Thus was developed, step by step, systematically and consistently, the gigantic plot to fasten slavery upon the Territories and then organize them as slave States.

With the repeal of the Missouri Compromise the Whig party lost its National character and ceased to be a potential political factor in National politics. Senator Dixon, who first moved the repeal, was a Kentucky Whig. Save one or two conspicuous exceptions, the southern Whigs in Congress supported the Kansas-Nebraska Bill. There was no National issue, other than slavery, upon which a National party could be held together. If the Whigs and Democrats of the South could strike hands to extend slavery, there was no other question of sufficient moment or force to divide them.

The irresistable influence of sectional interest, solidified southern sentiment and so recruited the Democratic party, that south of the river it became absolutely supreme. This process in the South was simple and logical. Influenced by a common interest, the political elements gravitated to a common center, a center from which, back to back, they could fight for that institution upon which they religiously believed their strength and weal depended.

In the North the situation was almost the reverse of that in the South. The process was one of disintegration. For a time the old Whigs stood to their standard and it appeared that they might be the nucleus around which the hosts of freedom would gather and organize for the conflict clearly and closely impending. But many Whigs bolted on account of the new fugitive slave law and the dissatisfied Democrats would not marshall under the Whigs' banner. Years of contest had so embittered them against the Whigs that, however strongly they were for freedom and free soil, they would not enter the Whig camp.

Douglas, vigilant, resourceful, brilliant and almost omnipresent, fought like a Trojan in defense of the repeal of the Missouri Compromise and to stay the disintegration of and defections from his party. It could be said of him, as it was of Henry of Navarre, that wherever his plume waved there the battle waged fiercest. But he fought in vain. Marvelous as were his powers, nothing short of omnipotence could have stopped the breaking up of the depths and stayed the flood that swept the country North, in 1854, and carried into power in the House of Representatives a majority which, although it was discordant in political principles and incongruous in political antecedents, and without a common name or standard, was yet united in being unalterably opposed to the further spread of slavery and to the Democratic party as then organized and dominated. In this majority were Wilmot-Proviso men, Know-Nothings, Americans, Free-Soilers, Old-Whigs and New Republicans.

## CHAPTER V.

Ohio Convention.—The Organization of the Republican Party.—Chase, Wade and Giddings.—Mr. Sherman Chairman of the Ohio Republican Convention.—Abolitionists.—The Position of the New Party.—Mr. Sherman's Position Upon the Political Questions.—The Democratic Convention of Ohio in 1855.

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It was meet that Ohio, the first born of that great territory dedicated to freedom by the Ordinances of 1787, should be among the first in organizing the new party, which was to stand, a barrier unsurmountable and unconquerable, against the slavery propaganda.

On the thirteenth of February, 1854, a notice was printed in a newspaper published in Columbus, Ohio, that a meeting would be held at 7:30 o'clock on the fourteenth day of February in the basement room of the First Presbyterian Church of that city by "those who are opposed to the violation of existing compromises between the free and the slave States of the Union or, in other words, the Douglas-Nebraska Bill." This meeting called a mass meeting to assemble on the twenty-second of March, in Columbus, Ohio, and the call was written under this caption: "Grand Mass Convention. To the People of Ohio Opposed to the introduction of Slavery into Nebraska." On the day fixed for the assembling for this convention, great masses of people came pouring into the capital from every section of the State. The convention had no politics, yet every shade of political sentiment except pro-slavery was represented. David K. Cartter spoke to the convention, as a Democrat, and denounced in unsparing words the Kansas-Nebraska Bill. Jacob Brinkerhoff, twice a member of Congress by Democratic suffrages, spoke as a Free-Soiler and demanded that the Missouri Com-

promise should not be repealed. Salmon P. Chase, just out of the Senate, was there and Thomas Ewing and Benjamin F. Wade sent letters commending the purpose of the convention and asserting that courage and patriotism alone could prevent the nationalization of slavery.

The platform was a preamble and six resolutions. It made no reference whatever to any subject, except slavery, which had been or could be a matter of contention or conflict. The second clause of the second resolution rang through the country like a call to battle. It said: "We solemnly renew, this day, our covenant vows, to resist the spread of slavery, under whatever shape or color it may be attempted."

This convention nominated a State ticket which was elected by a majority of over 75,000. At the same election all of the twenty-one Congressional districts of Ohio elected Anti-Nebraska members, not a Democrat being elected. The thirteenth, in which John Sherman was elected, reversed a Democratic majority of upwards of 700 and gave him a plurality of 2,823.

And yet this great political force, which had carried a great State, had no name.

The next year, 1856, this same organization met in convention in Columbus, selected John Sherman as permanent chairman and adopted "Republican" as its party name. This convention adopted a platform denouncing the attempt of the South to extend slavery north and the repeal of the Missouri Compromise. It promised to labor assiduously for the repeal or abrogation of the Kansas-Nebraska Bill and to give the people of Ohio retrenchment and economy in expenditures of the State Government and a just and equal basis of taxation. It nominated Salmon P. Chase for governor and Thomas H. Ford for lieutenant-governor, with a full State ticket. The average Republican majority for this ticket was upwards of 35,000, Chase running behind 15,000 votes.

This convention was a most notable gathering. Considering the time and the purpose which brought it together and the men who participated in its proceedings, no State meet-

ing before or since has approached it in importance or historical interest.

Chase, its nominee, was to be governor, again a Senator of the United States, financial minister in the cabinet of Lincoln for four years, of most desperate and sanguinary civil war, and then end his great career as Chief-Justice of the Supreme Court.

Sherman, modest, ingenuous and untried, had just entered upon a public career which was to run nearly half a century and equal in distinction and importance that of any statesman of the Republic.

Joshua R. Giddings, who had fought shoulder to shoulder in the House of Representatives with John Quincy Adams for freedom of men and speech, was there and raised his voice in protest that the resolutions were not strong enough against the perfidy of the Democratic administration.

Rutherford B. Hayes was a delegate from Hamilton County.

In fact Mr. Sherman's public career began at this convention. His election to Congress the year before had attracted no special notice. He was then simply a part of that great movement of political elements, which were yet unorganized and chaotic, but which, subsequently, were to be moulded and compacted into the Republican party and of which party he was to be one of the ablest and most distinguished leaders.

There seems to have been something prophetic in the selection of Mr. Sherman as chairman of the first Republican Convention in Ohio. Nothing in his life, up to that time, would have designated him above the score or more of distinguished men present. In his "Recollections," he attributes his selection as chairman and also his nomination for Congress, to the fact, that he had not been offensively conspicuous in either of the old parties. These opinions reflect, no doubt, with substantial accuracy the surface indications. He was available; but above and beyond the mere expediency of the hour, there was an influence which wrought more wisely and more powerfully than the convention knew. The unorganized political elements were seeking for a ground upon which

they could all stand and principles for which they could make a united contest. They were all agreed that slavery was an evil, but they disagreed as to methods of dealing with the evil. The Abolitionists, many of whom became Republicans, while they were against the further extension of slavery, were also in favor of tearing it up root and branch in the South, where it was legalized and protected by State constitutions and laws. Another element, not going so far as the Abolitionists, was for abolishing slavery in any and every place where the Federal Government had exclusive jurisdiction, as in the District of Columbia. But the larger class, while they were as strongly against slavery as the others, seeing more clearly the dire consequences of attempting to abolish or interfere with it in the States, and the doubtful wisdom of its abolition in the District and other places of federal jurisdiction, yet took firm stand against any further extension of the evil and in favor of the right of Congress, by appropriate legislation, to exclude it from the Territories north of the line of 36° 30″ north latitude. These latter may be said to have been the conservatives and to this class John Sherman belonged. At the beginning of the contest he may be said to have been ultra conservative; but finally his opinion, or opinions like his, became the accepted and governing principle of the Republican party.

The progress of political events between Mr. Sherman's election to Congress and his selection to preside over the State Convention of the new party, demonstrated that the success of the movement depended upon its conservatism. The true ground was an unalterable purpose against and a determined opposition to the further extension of slavery. What more could be done must be a matter for future determination. Mr. Chase, in his speech accepting the nomination for governor, dealt in generalities and seemed to go much further than this when he said: "There is nothing before the people but the vital question of freedom versus slavery, and no true American can hesitate for an instant where he stands on such an issue." But the convention and the party translated

his words into a declaration against slavery enlarging its boundaries, or augmenting its strength by being extended into the Territories.

The Democratic State Convention of 1855, met early in the year at Columbus and adopted a platform which, in addition to an indefinite declaration as to slavery, tendered a number of political issues. It demanded a revision of the tariff of 1846 so as to reduce revenue and repeal bounties, the restoration of gold and silver as the sole currency and the acquisition of Cuba and the Sandwich Islands.

Since this convention, these three questions, viz: tariff, money and the acquisition of foreign territory, have each furnished the sole issue and battle cry of three great presidential campaigns, yet at that time they attracted no attention whatever. The year before Buchanan, our Minister to Great Britain, had originated and was one of three members of a conference held at Ostend, Belgium, the result of which was a circular letter in which the capture and annexation of Cuba were recommended. This proposal was approved by the administration of Pierce, and an attempt made to divert public attention away from slavery to a scheme of conquest of foreign territory.

The facts thus briefly set forth constituted the political situation when John Sherman took his seat as a Member of the House of the Thirty-fourth Congress.

## CHAPTER VI.

First Session of the Thirty-fourth Congress.— Mr. Sherman Takes His Seat in the House.— The Contest for Speaker.— Mr. Sherman's First Speech.— His Second Speech in the House.— His Colloquy with Mr. Fuller.— His Criticism of Republican Members Who Refused to Vote for Mr. Banks.

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There were present, when the House of the Thirty-fourth Congress began the difficult task of organization, ninety-seven Republicans, eighty-two Democrats and forty-five classed as against the Democracy but not agreeing among themselves, nor with the Republicans in all their principles and purposes.

For two months, the House engaged in a struggle, characterized by bitterness and anger, over the election of a Speaker. The Know-Nothings, or Americans, held the balance of power and they were divided, the southern members being hostile to the Republican candidate. The Democrats nominated William A. Richardson, of Illinois, for Speaker. He was chairman of the Committee on Territories, or had been in the previous Congress, was a close friend of Douglas and had had much to do in securing the passage of the Nebraska Bill. His nomination was not a strong one, but the Democrats had the courage thus to put to the test their conduct in repealing the Missouri Compromise. The Republicans nominated Lewis D. Campbell, of Ohio. He was strongly against the extension of slavery but, his antecedents being Democratic, it was thought that he might unite the discordant elements opposed to the Democratic party better than any one else. The hope was delusive and, after twenty-three ballots, he withdrew his name as a candidate. The Republicans and some of the others then voted for Nathaniel P. Banks, of Massachusetts. The balloting continued without an election till

February 1st, when Samuel A. Smith, of Tennessee, offered a resolution providing that if, after three roll calls, no one secured a majority of all the votes cast, then the one receiving the largest number of votes should be declared elected Speaker. This resolution was adopted and under it, on the second of February, Banks was elected, receiving 103 votes, with 100 for William Aiken, of South Carolina, whom the Democrats finally made their candidate, in a desperate effort for victory.

During the contest for Speaker, many speeches were made by the members in which they discussed the slavery question in all its phases. Much crimination and recrimination were indulged in and much feeling displayed. The only principle of the American party was its opposition to citizens foreign born and to Catholics. It was charged that Banks belonged, or had belonged, to this party. On this subject, on the ninth of January, Mr. Sherman made his first speech in the House and, in the course of it, he took occasion to outline, in most succinct phraseology, his position and the overshadowing issue of the hour. A portion of his remarks on this occasion are here inserted:—

MR. SHERMAN. (On his name being called.)—"I desire to say a few words and I would preface them with the remark that I do not intend, while I have a seat in this House, to occupy much of its time in speaking. But I wish to state now why I have voted and shall continue to vote for Mr. Banks. I care not whether he is a member of the American party or not. I have been informed that he is, and I believe that he is, but I repeat that I care not to what party he belongs. I understood him to take this position: That the repeal of the Missouri Compromise was an act of great dishonor and that, under no circumstances whatever will he, if he have the power, allow the institution of human slavery to derive any benefit from that repeal. That is my position. I have been a Whig, but I will yield all party preferences and will act in concert with men of all parties and opinions who will steadily aid in preserving our western Territories for free labor; and I say now that I never will vote for a man for Speaker of this House, unless he convinces me, by his conduct and his voice, that he never will, if he has the power to prevent it, allow the institution of slavery to derive any advantage from repealing the compromise of 1820.

"I believe Mr. Banks will be true to that principle and, therefore, I vote for him without regard to his previous political associations or

to his adherence to the American party. I vote for him simply because he has had the manliness to say here that, having the power, he will resist the encroachment of slavery, even by opposing the admission of any slave State that may be formed out of the territory north and west of Missouri. I vote for Mr. Banks."

MR. CAMPBELL. (of Kentucky.)—"I would like to ask the gentleman from Ohio (Mr. Sherman) a question, and that is: What slaveholding State has ever asked for legislation to promote the interests of slavery?"

MR. SHERMAN.—"I will cheerfully answer this question of the gentleman from Kentucky, and I answer it in this way: In 1852 the people of the northern States were urged by their southern brethren to acquiesce in the slavery compromises, one of which was a barbarous and inhuman law for the recapture of fugitive slaves. The great majority of our people did so upon the solemn declarations of both the great political parties that all further agitation of the slavery question should cease. Yet, within two years, while these pledges were faithfully observed, the Representatives of the southern States, of both political parties, did demand that the eldest of these compromises should be repealed by Congress; and, with shame I say it, they found enough aid in the northern States to accomplish their purpose. Now I say that, until our southern brethren come forward and reinstate the clause prohibiting slavery in the north and west of Missouri, or until the question be settled by the admission of Kansas as a free State into the Union, I cannot go with them in any party organization. When this is done, it will be time enough for them to appeal to me to become what I once gloried in being, a conservative Whig."

MR. CAMPBELL.—"Then I understand the gentleman from Ohio to admit, that in no instance can he point to an occasion where there has been any legislation asked for on the part of the slaveholders of the country?"

MR. SHERMAN.—"I understand that the repeal of the Missouri Compromise was for the purpose of extending the institution, and for that reason alone was asked for by the slaveholders of the country. It has been so regarded in the southern States, and violence has been used to accomplish it. A distinguished Member from South Carolina (Mr. Orr) has recently published an address in which he boasts that the result of the repeal of the Missouri Compromise has been to extend slavery into Kansas, by the removal of the restriction against slavery, and that such was the design of the Democratic party in breaking down the Missouri Compromise. I say this measure was a measure for the benefit of the institution of slavery; that it was accomplished by the Democratic party and it now takes the responsibility of it; and, until my brethren of the southern States, occupying with me the old Whig platform, will come forward and resist the consequences of that measure, I cannot

unite with them. I, therefore, have voted and shall continue to vote for the gentleman from Massachusetts, Democrat as he is, whatever opinions he may hold in reference to other matters."

A little later in the debate Mr. Sherman spoke again, and denounced the Whigs of the South for having abandoned the principles of Henry Clay, forgotten his name and achievements and furled his banner. He disclaimed any purpose to disturb the peace of his country by agitation of the slavery question, but he asserted with great force that so long as the South persisted in its determination to force slavery into Kansas against the faith of the settlements of 1820 and 1850 there would be no peace. I here insert a paragraph of that speech:

"It has been charged on this floor,—and Democratic papers in the State in which I live have repeated the story over and over again,—that the canvas in my Congressional district in Ohio, against my friend General Lindsley, my predecessor, was conducted, and the chief opposition to him made, on the ground that he voted the same way as Mr. Banks did on the Nebraska Bill. Now, I would state to the House that I considered that vote wrong. But if my friend, General Lindsley, had come home and gone to the people of his Congressional district and repudiated that administration which had avowed and stood upon that platform, I would have gone in heart and soul and supported him. I did not desire a seat on this floor; my interests were not advanced by it. But, instead of that, he went there and acquiesced in that wrong. He acquiesced in it and said he would stand by the administration which committed that wrong. He would not pledge his people that he would vote in favor of the restoration of the Missouri prohibition. He occupied the same position as the gentleman from Pennsylvania—(Mr. Fuller), in acquiescing in what he declared to be wrong. On this point alone I went before the people of my district, giving him great credit for the fairness which he had shown, and the manner in which he had discharged his duty in Congress; speaking of him everywhere with kindness, and not alluding to his vote, except as to its indiscretion, but basing my opposition to him on the fact that he was willing to acquiesce in the measure and let it be done. I told them that I would not submit to that which is declared to be wrong; and I say, before God, and my country, that I never will. I am no abolitionist in the sense in which the term is used; I have always been a conservative Whig. I was willing to stand by all the compromises of 1850 and all; but I say, that when our Whig brethren of the South allow this administration to lead them off from their duty, when they abandon the position which Henry Clay would have taken,

forget his name and proud achievements, and decline any longer to carry his banner, they lose all their claims on me. And I say now, that until this wrong is righted, until Kansas is admitted as a free State, I cannot go in party association with it. Whenever that question is put out of the way, I will no longer have any desire to interrupt or disturb the harmony which ought to exist in the country, — north and south. I do not propose to continue agitation; I only appear here to demand justice,— to demand compliance with the conditions which we are entitled to. I will ask no more, and I will submit to no less."

The first words publicly uttered by Mr. Sherman on the floor of the House were on the nineteenth day of December. Hon. H. M. Fuller, of Pennsylvania, was a candidate for Speaker and represented those who were against any further agitation of the slavery question. Their cry was "Peace!" They had broken with the Democratic party on the repeal of the Missouri Compromise but took a position against any effort to restore it. On the nineteenth day of December, Mr. Fuller stated his position on the slavery question. He said: "I am willing, therefore, to leave the question of slavery where the constitution of the country left it, with the people, to control, regulate and determine for themselves." He proceeded with some general observations deprecating agitation and inviting all good citizens to unite in a patriotic effort to bring the country back to a condition of good feeling and social harmony and, when he had concluded, Mr. Sherman arose and submitted to him this question: "Would you be willing to allow the institution of slavery to attain an advantage or be extended by reason of the repeal of the Missouri Compromise?" Mr. Fuller answered: "I will leave the matter to the people." Mr. Sherman further inquired: "What people?" and Mr. Fuller answered: "The people who are to be immediately affected by it. If Kansas, —and I wish it to be distinctly understood,— presents herself for admission into the Union, I shall vote for her admission without reference to the question of slavery."

This interrogatory of the young Member from Ohio struck with a terrible impact. He did not approach the citadel by

slow and gradual stages but, sweeping aside all questions which simply led up to the real question, he summed it all up in one great inquiry: Would you and your followers allow slavery to gain any advantage, or be extended by the repeal of the Missouri Compromise?

The members of the House had wasted days in examining and cross-examining each other as to whether they would have voted for the Compromise of 1850, for the repeal of the Missouri Compromise, to restore the Missouri Compromise, and such questions which, after all, did not answer the great overshadowing demand of the anti-slavery people, viz.: Whether slavery would be permitted to gain an advantage by the repeal.

There were really but two sides, and along this line they should have divided. Upon this question, submitted modestly and without feeling, could be built the structure of Mr. Sherman's whole career. It is characteristic of his whole life. He always went directly to the core of a matter, and he wasted no time in getting to it. He had been seated sixteen days when this colloquy occurred, and yet he presented in this simple question the whole matter. He said, in effect, whatever you may think or propose about these things which have been accomplished, and are history, what do you propose when an effort shall be made to extend slavery into the territory made free by the most solemn agreement?

Mr. Sherman participated in the proceedings of the House by questions and motions several times before his first brief speech on the ninth of January. At one time it was believed from certain indications that the Democrats and Americans might unite and elect a Speaker. A resolution was presented by Mr. Seward, of Georgia, declaring "non-intervention" to be the principle of the Kansas-Nebraska Bill. As Fuller had announced adherence to this doctrine it was thought that, by the adoption of such a resolution, sufficient of the differences between the Democrats and Americans would be eliminated to enable them to unite on either Fuller or Richardson and elect him Speaker. While the resolution was being discussed,

Mr. Sherman demanded the previous question and that the vote be taken by yeas and nays. His purpose was to test the sincerity of the Americans and, as he expressed it, if they could thus organize the House he would be glad to see them accomplish it. The resolution was finally laid on the table and the balloting continued. Mr. Sherman took occasion, at another time, in the running debate, during the contest for Speaker, to announce his opinion that Republicans or Anti-Nebraska men like Dunn, of Indiana, Harrison, of Ohio, and others, sufficient in number to have elected Banks by a majority but who persistently voted for Pennington and, finally, for Campbell, were responsible for the long delay in effecting an organization of the House. In this he was right, as history has confirmed. There was no sufficient reason for their refusal to join in the election of Banks. Upon the great and only question of the hour Banks stood squarely with the anti-slavery men of the North, and afterwards verified the course of his supporters by devoting his life in loyal service to the preservation and perpetuation of the Union.

Mr. Sherman was given but one assignment on the standing committees of the Thirty-fourth Congress. He was placed eighth on the Committee on Foreign Affairs. Alexander C. M. Pennington, of New Jersey, was chairman, and Anson Burlingame was below Mr. Sherman and last on the Committee.

## CHAPTER VII.

KANSAS.— TERRITORIAL GOVERNORS.— TERRITORIAL ELECTIONS.— FRAUD AND INTIMIDATION.— FREE-STATE PARTY.— CONFLICT.— THE KANSAS COMMITTEE.— MR. SHERMAN APPOINTED A MEMBER.— HIS STANDING IN THE HOUSE WHEN APPOINTED.— THE REPORT OF THE KANSAS COMMITTEE PREPARED BY MR. SHERMAN.— HIS SPEECH IN DEFENSE OF REPORT.— HIS STANDING IN THE HOUSE AT THE END OF FIRST SESSION.

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AT THIS time Kansas was the storm center of American politics. The contest for Speaker was simply a diversion and when it was closed all eyes again turned toward that fair territory upon whose soil the slaveholders, in the red letters of rapine and murder, were to write the first chapter, the prologue to the Civil War.

The slaveholders occupied Missouri as vantage ground in the struggle for Kansas. At every election in the Territory, in the early days, Missouri sent her border ruffians across the line and many times far into the interior of Kansas, to carry it by illegal voting and intimidation. With the Missouri Compromise out of the way and Congress adjourned, in the summer of 1854, the contest for Kansas commenced. Senator Atchison, of Missouri, was the organizer and leader of the movement. Immediately after the adjournment of the Thirty-third Congress he hurried home and began organizing in the border counties to invade the Territory. This movement was not for the peaceful settlement of Kansas by Missourians who desired to gain residence and property in the new Territory, but its purpose was by force and fraud to seize Kansas and organize it as a slave State.

And thus did the boasted doctrine of non-intervention, upon which was predicated and justified the repeal of the Compromise, go down before the ruffians and raiders of

Missouri. And thus also did the advocates and devotees of popular sovereignty "leave the people perfectly free to form and regulate their domestic institutions in their own way." The first election for a territorial legislature occurred on March 30th, 1855, and out of a total vote of 6,318, it was subsequently shown by most satisfactory evidence that only 1,410 were legal and cast by *bona fide* residents of the Territory.

Soon after the passage of the Kansas-Nebraska Bill, President Pierce appointed Andrew H. Reeder Governor of the Territory of Kansas. Mr. Reeder was a Pennsylvania Democrat and in full sympathy with the pro-slavery cause. He was appointed because the administration believed he could be trusted to advance, in every possible way, the purpose of the South to fasten slavery upon the Territory. The Governor arrived in Kansas in October, 1854, and called an election for delegate to Congress to be held on the twenty-ninth of November, 1854. Upon the day of election "Border Ruffians" from Missouri invaded the Territory and carried the election for Whitfield. Two-thirds of the votes cast, as it was afterwards shown, were illegal.

The Governor took a census of the residents of the Territory and ordered an election for a territorial legislature to be held on the thirtieth of March, 1855. The census disclosed a total population of 8,601 and 2,905 voters. At the election 6,318 votes were cast. Long before this election, however, Governor Reeder's eyes had been opened to the infamous purpose of the slavery cabal and, to his eternal credit it must be said, he courageously and honestly sought to defeat it. His conduct disappointed the administration, and he was dismissed under circumstances of great personal humiliation.

The legislature, the product of force and fraud, intimidation and murder, was called by Governor Reeder to meet at Pawnee on the first Monday in July, 1855, a place some hundred miles and more from the Missouri border. The legislature wanted to meet at Shawnee Mission, about four miles from Westport, Missouri, the rendezvous and base of

all the raids into the Territory. The legislature met at Pawnee on the day fixed, but the next day it passed an act changing the capital to Shawnee Mission, and moved the Territorial Government to that place without delay. The Governor vetoed the bill, but it was promptly passed over his veto, and he had to follow the legislature to the seat of government. He held that no legal act could be passed except at Pawnee, which he had designated as the capital, and upon that ground he vetoed the bills sent him. At this juncture he was removed, and Daniel Woodson, the Secretary of the Territory and an active pro-slavery man, became acting Governor.

The legislature then proceeded to repeal all laws that had been, or were considered to be, in force on the first day of July, 1855, and to enact as the laws of the territory the Revised Statutes of Missouri. In addition to the slavery laws adopted from Missouri the legislature passed a law imposing the penalty of death for enticing or decoying away a slave or assisting him to escape. It was made a felony punishable with five years' imprisonment to write, print or circulate "any statements, opinions, sentiment, doctrine, advice or innuendo calculated to produce a disorderly, dangerous or rebellious disaffection among the slaves of the Territory, or to induce such slaves to escape from the service of their masters, or to resist their authority." It was also enacted that "no person who is conscientiously opposed to holding slaves, or who does not admit the right to hold slaves in the Territory, shall sit as a juror on the trial of any prosecution for any violation of any of the sections of this Act." And all officers should swear to support and sustain the Kansas-Nebraska Act and the Fugitive Slave Law.

Having thus established slavery, so far as it was possible to do so by the enactment of laws, and resolved "to know but one issue, slavery, and that any party making or attempting to make any other, is and should be held as an ally of abolitionism and disunion," this legislature, born in violence and fraud, adjourned on the thirtieth day of August.

In the meantime, the Free State party had inaugurated a movement for a Free State Convention to form a constitution for the Territory. On the ninth of October, 1855, delegates were elected and, on the twenty-third of the same month, the convention met at Topeka. A constitution was drafted and submitted to a popular vote on the fifteenth day of December, and adopted. It contained a provision prohibiting slavery in the Territory. The Free State men, under this constitution, elected territorial officers and a legislature. The antagonism between the rival governments produced public disorder, constant friction and, finally, a condition of civil war. Both sides claimed to have the only legal government and finally, that Congress might have the facts, the House of Representatives, at Washington, appointed a committee of three, with instructions to proceed to the Territory, take evidence upon the whole situation and report the evidence back to the House. The Speaker, on the twenty-fifth of March, 1856, appointed Lewis D. Campbell, of Ohio, William A. Howard, of Michigan, and Mordecai Oliver, of Missouri. Mr. Campbell declined, and John Sherman was appointed in his stead. The committee organized on the twenty-seventh of March, in Washington, and arrived in the Territory about the middle of April.

Mr. Sherman's service, up to his appointment on this committee, had made a very favorable impression upon the House. He had not flung himself into prominence or public notice by a display of extraordinary or attractive eloquence, but he had grown steadily and had attracted the attention of his colleagues by reason of his sound judgment and sufficient speaking ability to present his views in clear and forcible language. He did not stale his presence by much speaking, nor did he let opportunities pass because he was a new Member. He was neither forward nor backward. He did not excite the jealousy of old Members by usurping what belonged to them by right of seniority, nor the envy of the new Members by becoming conspicuous to rapidly. Not often, and perhaps never before, were there so many new Members, as began their service in the Thirty-fourth Congress. This fact,

of course, was greatly to the advantage of Mr. Sherman. He, himself, with characteristic modesty, accounted for his successful service and somewhat rapid rise in this Congress on this ground.

His assignment on this committee of investigation was a most fortunate thing for him, although he accepted it somewhat reluctantly on account of the labor, hardship and some danger likely to be involved in the work, and because it would take him away from the sessions of the House for an indefinite period. The committee spent two months in Kansas and probed the situation to the bottom. During the taking of the evidence, the health of Mr. Howard, the chairman of the committee, was very delicate and, when it came to making the report, he was not able to draft it and the duty was assigned to Mr. Sherman. It is not an exaggeration to say that the report was an unusually able one. It was prepared with that fidelity which has always characterized Mr. Sherman's work.

After the report was presented to the House, it naturally fell to him to defend it in the numerous debates which followed. On the thirty-first day of July, and in connection with the contest between Reeder and Whitfield, Alexander H. Stevens made a speech in which he savagely attacked the report of the Kansas Committee. It was immediately answered by Mr. Sherman, in a speech which is hardly as strong as the report itself, but which, considering the numerous interruptions and the intense heat of the day, is a forcible and fair defense of the work of the committee. Two or three days before this, Mr. Sherman had proposed an amendment to the Army Appropriation Bill, prohibiting the use of the army to sustain the Lecompton Government in Kansas. This amendment was severely criticised by Mr. Stevens, in his speech, and, while defeated in the Senate, it was finally enacted, in substance, at the extra session which was called because the Appropriation Bill failed to pass at the regular session. Following are a few paragraphs from his speech in defense of the committee's report:—

"Why then, will gentlemen still talk to us about popular sovereignty and appeal to us to leave the people of the Territory to settle the ques-

tion of slavery for themselves? Why, sir, ever since this controversy was reopened, by the repeal of the Missouri Compromise, the settlers have only asked the poor boon. They have, again and again, and now appeal to you for protection against non-residents, and you deny the power of Congress to even consider their complaints. You refer them to the President and the Judiciary, and yet, the other day, you refused to direct the President to take the only steps by which he can protect them in their rights. The gentleman from Georgia, turning to me, says that, in the amendment of the Army Bill, offered by me and adopted by the House, we gave the President extraordinary powers. Why, sir, he has already exercised all the powers given him by that amendment, but not for the peaceful purposes there stated. Instead of preserving the peace and preventing the commission of crimes, disgraceful to the age, he has taken sides with the invading party and has caused the arms of the United States to be distributed among mere partisans, to be used for purposes of oppression. The House only declares that the army and military stores shall not be used in that way, and I trust it will adhere to that position.

"Sir, while I would take nothing from the Constitutional powers of the President, I would add nothing to them. Look at his action heretofore! Read the testimony of Governor Reeder, when he came to Washington and fully detailed all the incidents of the thirtieth of March! Think how the rights of that infant settlement were talked over, chaffed with, bartered! How a mission to China, or other trust of equal profit and importance, was discussed as a means to induce a resignation by Reeder! This interview, between the President and the Governor, presents a painful scene upon which I do not wish to comment. Contrast the conduct of the President with the Shawnee Mission Legislature and the Topeka Legislature, the one elected by the means I have stated, and the other, a movement of citizens, and none but citizens, of the Territory, to avoid the evils of a base submission to wrong on the one hand and anarchy on the other. The one is recognized, paid out of the National Treasury and sanctioned and sustained by the military force; the other is dispersed by this same force and its members harassed by groundless persecutions.

"Sir, with all respect to the President as a man, I must condemn his conduct in this struggle between the citizens of Missouri and Kansas, as a mixture of weakness, indecision and wrong, unworthy his high position. He not only refused to protect the citizens of Kansas from invasion, but now, with the facts fully proven, he insists upon enforcing the enactments of a legislative assembly, imposed by it; and, more than all, he sustains oppression and wrong. Judge Lecompte holds the office of Chief Justice at the pleasure of the President and yet, in May, 1855, this man attends a bitter partisan meeting, addresses it and sustains

resolutions which look to and lead to unlawful violence, suppress the liberty of speech and prejudge the very question which we are now told should be left to his judgment. He so administers the criminal law that no crime is punished, if it be committed by a pro-slavery man, that arson, robbery and murder are done and sanctioned by his officers. To facilitate this kind of law and justice and enable his officers to be present, he adjourns his court. He revives the doctrine of constructive treason and, under such charges, allows leading citizens of the Territory to be arrested and detained in custody, and refuses the prisoners the privilege of bail. They are charged with treason! Treason against what? Surely not against the Kansas-Nebraska Bill! Since the passage of that law, no man gainsays its force. Each of these prisoners is willing to leave the question to the people, undeterred by non-residents.

"Sir, there is no remedy for these wrongs unless Congress administers it. It opened this

"Direful spring
"Of woes unnumbered,"

by the repeal of the Missouri Compromise. It is the governing power, and must take the responsibility. If we cannot agree upon the only true and radical remedy, the restoration of the Missouri restriction, let us, at least, prevent a civil war; let us withdraw the arms of the United States from excited men; let us suspend the execution of laws when validity is denied; let us stop the hounds of Judge Lecompte, lest our country be disgraced by another "Campaign in the West," so infamous in English history, and beware, lest a repetition of that historical crime, shall bring again the fate of James II. and of Jeffreys. Take from him the power to punish honest men for fictitious crimes.

"I trust that every representative, of the people of the United States, is willing to put a stop to these evils. To do this, three things must be done. The sitting Delegate has no right here. Although I entertain feelings of much kindness for him personally, yet I shall vote for his exclusion, because he is the representative here of the force and fraud which carried the election on the thirtieth of March. In the next place, the pretended laws of Kansas ought to be declared null and void or repealed. And then the militia of that Territory ought to be disarmed and the whole force of the Government should be used, if necessary, to keep the peace. For God's sake, keep the peace! I would, if it were possible, tie down every citizen of the Territory to his home and protect him from invasion and judicial oppression. The worst evil that could befall our country is civil war, but the outrages in Kansas cannot be continued much longer without producing it. To our southern brethren I especially appeal. In the name of southern rights, crimes have been committed and are being committed, which I know you cannot and do not approve. These have excited a feeling in the

northern States that is deepening and strengthening daily. It may produce acts of retaliation. You are in a minority and, from the nature of your institutions, your relative power is yearly decreasing. In excusing this invasion from Missouri, in attempting to hold on to an advantage, obtained by force and fraud, you are setting an example which, in its ultimate consequences, may trample your rights under foot. Until these wrongs are righted, you must expect northern men to unite to redress them. It may not be this year, but as sure as there is a God in Heaven, such a union will be effected and you will gain nothing by sustaining northern agitators in violating the compromises of your fathers."

Mr. Sherman's labors in the investigation of the Kansas trouble, his preparation of the report, which was conceded to be exceptionally able, and his defense of the report on the floor of the House, made him one of the leaders of the Republican party and of the Republicans of the House, before the end of his first session. A number of men have become National characters or achieved National reputation by a single speech, or by some incident or accident which attracted great public attention, but there are but few men, in the history of the country, who have advanced to leadership in a single session by the means and methods which brought Mr. Sherman to the front.

## CHAPTER VIII.

MR. SHERMAN'S RENOMINATION.—NATIONAL CANDIDATES IN 1856.—ISSUES OF THE CAMPAIGN.—SECOND SESSION OF THE THIRTY-FOURTH CONGRESS.—MR. SHERMAN'S SPEECH IN THE SLAVERY AGITATION.—THE FRENCH SPOLIATION CLAIMS.—TARIFF REDUCTION AND THE DUTY ON WOOL.—MR. SHERMAN'S STANDING AT THE CLOSE OF THE THIRTY-FOURTH CONGRESS.

MR. SHERMAN was unanimously renominated for Congressman at Shelby, on the twelfth day of August, 1856. The slavery question was still the dominant issue of politics. The Democrats had nominated James Buchanan for President. Buchanan's nomination was an exceptionally strong one. During the whole of the Pierce administration, up to the meeting of the Democratic National Convention, he served as American Minister to Great Britain and was free from all personal connection with, or responsibility for, the repeal of the Missouri Compromise and the slavery complications in Kansas. The Republicans nominated John C. Fremont, who had an attractive history and a winning personality, but was not a strong candidate. He had many admirable qualities but none fitting him for the Presidency. The American party nominated Millard Fillmore.

Buchanan was pledged to give the people of Kansas an opportunity to determine for themselves whether their state should be free or slave. This pledge greatly strengthened him in the North and, no doubt, secured his election. Mr. Sherman was elected by a majority of 2,861, thirty-eight more than his majority in 1854.

The second session of the Thirty-fourth Congress opened on the second of December and, almost immediately, President Pierce's Message became the subject of acrimonious debate. He

made an elaborate argument, purposed to justify the repeal of the Missouri Compromise and the conduct of affairs in Kansas, under his administration. He also asserted that the Republicans, or Anti-Nebraska party, intended not only to keep slavery out of Kansas but to abolish it in the States. On the eighth of December, Mr. Sherman made an able speech in answer to the President's argument. The speech is inserted in full, except some portions, in the nature of colloquies, which are of no interest or importance:—

"MR. SPEAKER, I had hoped that the slavery question would not have been thrust upon us during this session. The party with which I have the honor to act, was willing to devote the short time until the close of this Congress, to other pressing subjects, which demand our legislative care; but the President and his supporters here, are not content with this course. Upon the first day of this session, we were called upon to pass upon the right of Mr. Whitfield to a seat here, as delegate from the Territory of Kansas. This depends entirely upon the validity of the enactments, of what is known as the Shawnee Mission Legislature. The House, at the last session, judicially determined, after a full investigation, that these enactments are null and void, by reason of the illegality of the election of that body. When the question was again thrust upon us, the House promptly, without unnecessary debate, adhered to their previous decision. The Democratic party then resorted to the tactics of delay, and have already wasted one week of the session. Before this question is disposed of, the President sends us this extraordinary message. He does not content himself with performing his constitutional duty, of giving to Congress information of the state of the Union, and recommending to its consideration such message as he judges necessary and expedient, but devotes one-half of his message to an arraignment of a great and growing party, which the errors of his administration have called into being. This course is unusual, and, I believe, is unprecedented, and if followed by his successors, will convert a document heretofore looked for by all our people, as an impartial State paper into a mere partisan manifesto.

"Not only does he embody in his message a stump speech in defense of his policy, but he misrepresents the principles and purposes of his political opponents. The ghost of his defeated hopes haunts him at every step, and he seeks to allay the phantom by ceaseless clamor. While writing a document for history, his excited mind will not allow him to forget the appeals of the hour. It is true that some indulgence should be extended to him in view of his position. He came into power on a high wave of popular favor. The good wishes of all men accompanied

him to the White House, and his promises in his first message quieted even the enmity of his opponents. They were as cheering as his hope was buoyant. He is about to retire, deserted by his own party, by his own State, and, I believe, by his own town. If, under these circumstances his message had not shown some of the bitterness of disappointed ambition, it would not have been human; but few were prepared for such an exhibition of harmless resentment.

"It is only to so much of the message as relates to the slavery question, that I wish now to call the attention of the House. The conduct of our foreign affairs has been chiefly intrusted to the able Secretary of State, and his direction evinces great sagacity and ability. The routine of the departments has been well enough, for the unbounded prosperity, and energy, and industry of our people have made the ordinary functions of the Government easy. But the gangrene which troubles the President was not occasioned by these, but *by the repeal of the Missouri Compromise.*

"This was the great error of the administration, the rock upon which it has split. This is the cause of the troubles in Kansas, and the intense excitement of the country. It is to explain, to extenuate, to mystify the consequences of this error that the President repeats the stereotyped arguments of the recent campaign. Sir, the very existence of the Republican party, which the President so much deplores, is one of the effects of this measure. If it forbodes all the evils he predicts, remember that *he* rubbed the magic lamp which called it into being. The people of the northern States believe that the tendency and design of this measure was to extend the sectional institution of slavery into free territory. Against this they protested. To make their protest effectual they formed themselves into a political organization. That this party is confined to the North is no fault of theirs, but rather a reproach to the South, by showing that there the sectional institution of slavery is stronger than parties, compromises, or compacts, when these interfere with their local interests. While the sentiment of opposition to the extension of slavery into the new Territories is universal with the new party, its members were from all the old parties, and embraced persons of opposite views upon the subject of slavery. Thus a very few, perhaps not two-thousand in the whole country, who were genuine Abolitionists and believed that Congress had the power, and that it was its duty, to abolish slavery in the States, sympathized with the new party; but the great majority of them went back to their old love, and supported Gerrit Smith. Of this class not as many voted for Fremont, and these were avowed disunionists of a single State voting for Buchanan.

"There is another class of anti-slavery men, of much greater numbers, influence, and ability, who acted with the new party. They are those who believe that Congress has not only the power, but that it is

its duty, to prohibit slavery in the District of Columbia and in the National dock-yards, and also the commerce in slaves between the several States. This class of citizens has been honestly, ably, and fearlessly represented on this floor by my distinguished colleague (Mr. Giddings), and perhaps others. Such are their opinions now; but they are no more ingrafted upon the Republican platform than the recent doctrine of Governor Adams of South Carolina, in favor of reopening the slave trade. The President has no more right to ascribe to the Republican party the views referred to than we would have to impute to the Democratic party the desire to reopen the slave trade. The great body of the one million three hundred thousand citizens who voted for Fremont are from the old Whig and Democratic parties, and a large majority of all acquiesced in the Compromise of 1850. Their principle and purpose is, simply, opposition to the extension of slavery.

"These are simple facts known to every intelligent citizen, and only necessary to be here stated by reason of this singular message. In it he arraigns the Republican party upon accusations utterly unfounded. It is very common for politicians to misstate the views and purpose of their opponents, and thus bring odium upon them. But it is not usual for the President of the United States to resort to such means, and yet, in this message, he has thus assailed the Republican party. He ascribes to its views that it never entertained, and charges it with purpose which it has again and again disavowed. Thus he says:

> 'Under the shelter of this great liberty, and protected by the laws and usages of the Government they assail, associations have been formed in some of the States of individuals who, *pretending* to seek only to prevent the spread of the institution of slavery into the present or future inchoate States of the Union, are really *inflamed with desire to change the domestic institutions of the existing States.*'

"The President here makes a charge, and he does it in the form of an innuendo, that the purpose which the Republican party has avowed is a mere pretense, that they are sailing under false color. And this language is sent to this House and we are expected to listen to it patiently and not open our mouths in reply; and not only that, but to order thirty thousand or forty thousand extra copies to be distributed among the people. Not only does he make this imputation, but he charges us with entertaining sentiments and principles which the Republican party does not, and never has, entertained. That the charge may be true against individuals I need not deny. Much graver charges may be made against thousands who voted for Buchanan; but of these the President is quieter than a lamb. He saves his unmannerly imputations for his political enemies. The great mass of the Republican party never held to any sentiment that affects or impairs the

Constitutional rights of the South. It is made up in a great measure of the conservative elements of the northern States, men of property, men of information, men who sanctioned the Compromises of 1850, who plighted their faith to and observed them entire. Such are the men who compose that great and growing party of the northern States, which swept eleven of them for John C. Fremont by majorities unparalleled in the political history of the country. These are the men, this is the party, which the President of the United States arraigns, as pretending to prevent the extension of slavery, but really actuated by an inflamed desire to interfere with slavery in the southern States.

"Sir, I say that this charge is unfounded. The people of Ohio, the State which I have the honor, in part, to represent on this floor, do not wish or design to interfere in the relations existing between the white and black races in the slave States. I have observed that the relations existing between these classes in the South are often more kindly in their character than those existing between the same classes in the northern States. We do not, and never did claim the power to interfere.

"Our claim is this, that in violation of the pledges of the President made at the outset of his administration, and in violations of the pledges and platforms of the two great parties of the country, four years ago, the party acting with the President and his advisers repealed the Missouri Compromise, and perpetrated what our sense of justice and honor tells us, was infamous wrong. That is all. That is the long and short of it; and it is the only cause which has called the Republican party into being.

"Again the President varies his accusation:

> 'They seek an object which they well know to be a revolutionary one. They are perfectly aware that *the change in the relative condition of the white and black races in the* slaveholding States, which they would promote, is beyond their lawful authority; that to them is a foreign object; that it cannot be effected by any peaceful instrumentality of theirs; that for them and the States of which they are citizens, the only path to its accomplishment is through *burning cities and ravaged fields and slaughtered populations* and all there is most terrible in foreign, complicated with *civil and servile* war; and that the first step in the attempt is the forcible disruption of a country, embracing in its broad bosom a degree of liberty and an amount of individual and public prosperity to which there is no parallel in history, and substituting in its place hostile governments, driven at once and inevitably into mutual devastation and fratricidal carnage, transforming the now peaceful and felicitous brotherhood into a vast, permanent camp of armed men, like the rival monarchies of Europe and Asia.'

"In this paragraph the President repeats and does not charge directly, but by innuendo, that the Republican party proposes to change the relative condition of the white and black races in the slaveholding States. By what authority does he make the allegation? Does he find it in the platform of the Republican party? Does he find it in any resolution passed by any public meeting held by that party in any of the northern States? Why does he make allegations against that party, which they have again and again denied and which there is not the slightest evidence to prove? Why does he again adopt the offensive form of an innuendo? He says, 'They (the Republican party) seek an object which they well know to be unconstitutional.' What object? Why not state it manfully, boldly, as a President should? If we have among us more than a million of incipient traitors, why not say so? And yet he does it in this covert way; 'they are perfectly aware that the change in the relative condition of the white and black races in the slaveholding States, *which they would promote*, is beyond their lawful authority.' Sir, we seek to promote no such change. If we did we would tell you so. We have no doubt, and in this the voice of the civilized world will concur, that it is the interest of the white men in those States to promote such a change; but we have not the power and do not intend to do it. Yet upon this groundless imputation the President goes off at a tangent into a fancy sketch of 'burning cities,' 'ravaged fields,' and 'slaughtered populations.' I can imagine the grim smile which marked the countenance of the Secretary of State when he first heard that passage. I can imagine the scene that must have occurred in the Cabinet when this passage came before them for review. I can almost picture the President when he wrote, 'the fine frenzy rolling,' 'burning cities,' 'ravaged fields,' and 'slaughtered populations,' the work of the Republicans. How vivid the imagination of the President! It is a pity to deny the innuendo, for it is like taking the ghost from the play of Hamlet. Sir, your Yankee newspapers sometimes attribute to our western orators lofty flights of eloquence based upon a very slender foundation; but I submit whether the specimen here furnished by a famed son of the old Granite State does not beat the Hoosiers. The party he describes is about as much like the Republican party as the imaginary giant of the crazy knight of La Mancha was like the windmills he encountered; and I think the President's contest will result like the knight's.

"If the President, instead of the language I have quoted, had said: 'In an evil hour the last Congress, in order to carry slavery into free territory, in violation of good faith, repealed the restriction which forever prohibited it, and that the only path to the accomplishment of that design was through 'burning cities,' etc., he could then, sir, with the eloquence of truth, have narrated scenes which disgrace humanity.' 'Burning cities!' Why, sir, I know of none except Lawrence and Ossawatomie. I know of no ravaged fields and slaughtered population, except on the plains of Kansas, where

scenes were enacted by the sanction of the Executive power, which the Democratic party have all over the country been trying to apologize for. These, I say, are the only burning cities, ravaged fields, and slaughtered population, of which I am aware; and these have been allowed, yea produced, by the President himself. Not only does the President charge us with principles which we never have advocated, but he ascribes to the Republican party the very results which his own policy has produced:

> 'Well knowing that such, and such only, are the means and the consequences of their plans and purposes, they endeavor *to prepare the people of the United States for civil war* by doing everything in their power *to deprive the Constitution and the laws of moral authority, and to undermine the fabric of the Union by appeals to passion and sectional prejudice*, by indoctrinating its people with reciprocal hatred, and by educating them to stand face to face as enemies rather than shoulder to shoulder, as friends.'

"Who has endeavored to prepare the people of the United States for Civil War? Who but the President of the United States, by teaching them how utterly futile it was and is now to appeal to the law for redress, where the law is administered by a weak Executive and by such judges as Lecompte? How could the President provoke such an inquiry, when murder, arson, robbery, and other crimes have run riot in that Territory, and, until recently, no pro-slavery man has been called to account? Who murdered Dow and Brown and Barbour, who sacked Lawrence and Ossawatomie, who drove the quiet shopkeepers and artisans of Leavenworth from their homes and property, who invented the crime of constructive treason, who deprived the people of the Territory of the elective franchise—who murdered Buffum, and allowed his murderer to go at large on bail? Did the Republicans do these or kindred enormities? None, none of them; and yet they speak to deprive the 'laws of moral authority!' The friends of the President did all these and much more, and yet they are 'law and order' citizens and gentlemen, some of them most upright judges; and yet, until recently, these men have been as free from fear or danger of punishment as you, sir, are from being hanged for the murder of Charles I. The President even does not impute to these men the charge of 'depriving the laws of their moral authority.' Sir, the mode in which justice has been administered in that Territory has fearfully aggravated the disorder naturally produced by the repeal of the Missouri Compromise. Who is responsible for this? Who but the President? The judges hold office at his will, and his power of removal could at once cure the evil. And yet with this power unemployed the offender arraigns us for his offense!

"But, sir, let us look at the charge made. What law do we seek to

deprive of moral authority? The President does not specify. Can any one name the law? I know of none to which he can refer, unless it is the enactments of the Shawnee Mission Legislature. But these enactments this House holds to be null and void; and shall the President say to us that these are laws which we have decided are not laws? The circumstances connected with the election of the body which passed these enactments are now well known to the country. Their character is also well known. They have been denounced as oppressive and disgraceful by the political friends of those who made them, and I am, for one, disposed to plead guilty of seeking to deprive these 'laws' of all moral or legal authority. If the President means any other laws, let him specify them.

"Again: he says we seek 'to undermine the fabric of the Union by appeals to passion and sectional prejudice.' I should like to know where and when the Republican party has sought to do this? Never, sir, until this administration itself gave the ground and cause for it by tampering with a compromise made years ago and submitted to by all for over a quarter of a century. There never was an appeal to the passions and prejudices of the American people so potent and so offensive in its terms as this very message of the President of the United States. He here arraigns the great majority of the people of the northern States, of his own native State, and I think, of his own native town, as either knaves or fools; as either purposely seeking to tear down the Government under which we live, or with doing it directly, by sapping the principles upon which it is founded.

"However much such a charge as this may gratify a morbid sentiment of ultra men in one section or the other, I ask you if it does not appeal to passion and sectional prejudice? That language has been used, and events have transpired, to excite both, none can deny; and none can regret more than I. Individual comparisons between the wealth, productions and historical achievements of sister States; violent language in newspapers; the absence of courtesy in debate; private animosities, and restraint of social intercourse, growing out of political differences, are always to be regretted. That these exist none can deny. But who and what has produced them? What has so aroused and surcharged the the body politic, that slight friction produces the angry spark? All these spring from the sense of wrong. This was produced by the President and his party and by his mal-administration in Kansas. He was reckless and bold in producing the storm; and when it came upon him, and actual strife and disorder were the result, he was weak, inefficient, timid and partial.

"Again, we are charged with 'indoctrinating the people with reciprocal hatred, and educating them to stand face to face as enemies, rather than shoulder to shoulder as friends.' When did this process commence?

Surely, not when the President commenced his term. Then all was peace and harmony. He tells us so in his first message. The first lesson in this process of alienation, was when Mr. Douglas made his famous report. Every act of the President since that time has been a new lesson. The Republican party is a party of defense. It only seeks to place matters precisely where the President found them. The President is at the head and fountain of the stream. Whatever evils flow from it are to be ascribed to him; and I have no doubt, that in his imputations against us he described his own crime and its evil effects.

"We are here told that the people of the United States have decided that the repeal of the Missouri Compromise was right. Here again I take issue with the President. If this question had been submitted to them, it could not have received three hundred thousand votes in its favor in the northern States. It was only by evading this very question by the nomination of James Buchanan that the Democratic party avoided an overwhelming defeat.

"This question of slavery was settled in every State and Territory of this Union. There was not a foot of soil in the broad compass of our country, not a spot of ground over which the National flag was unfurled, where it was not settled. In sixteen free States, slavery was prohibited by their constitutions. In fifteen slave States, slavery was allowed by local law, and we did not propose to interfere with it. In Oregon and Washington it was prohibited by an act which received the signature of President Polk. In Utah and New Mexico it was prohibited by local law. In the Territory of Missouri it was prohibited by the Missouri restriction.

"I say again it was settled in every State and Territory of the Union. I have here the first message which the President delivered to Congress, and I find in it the paragraph:

"'That this repose is to suffer no shock during my official term, if I have power to avert it, those who placed me here may be assured.'

"All that the northern people desired of the President was a full and entire compliance with that paragraph. They do not desire to stir up the waters of strife. They had been taught by their greatest statesmen, by Mr. Clay and Mr. Webster, that in every State and in every Territory of this broad Confederacy this question was forever put to rest. After the promise I have read was made, the Domocratic party was in the ascendent and carried every State in this Union except Vermont; for I believe that in Massachusetts they had a Democratic governor at one time. And, sir, if that party had fulfilled their pledges, all the old issues would have passed away. All that would have been necessary to render Pierce immortal, would have been to observe, strictly and truly, the language of his first official message; but it was not done, and he has reaped the results.

"It swept away the Democratic party in nearly all the northern States. The few members of that party, returned to this Congress, are but monuments to mark how strong and deep was the feeling against the repeal. The party has not yet recovered from the blow. Those who left it had a strong attachment for their party. They would have been satisfied with almost any ordinary excuse. The power of the Democratic party was in the North. It has strength there no longer. The Republican party carried eleven of the northern States. In the remaining three or four, the issues were so covered up and mystified, that they were carried by small majorities by the Democratic party.

"The President charges these evils upon a 'propagandist colonization.' Who commenced that colonization? Had the South nothing to do with it? On the tenth of June, 1854, eleven days after the Kansas-Nebraska Bill became a law, persons confessedly citizens of Missouri went into the Territory, and passed what are called the squatter resolutions. All understand what they are. They denied all protection to any man they chose to call an Abolitionist. We all know that the man designated by that approbrious phase in western Missouri is not such a man as my colleague (Mr. Giddings). They called all men Abolitionists who are against the further extension of slavery. Men with such sentiments were excluded from the Territory, and denied all protection. The propagandist scheme thus commenced was continued by repeated acts of enormity.

"We know that thousands of Missourians voted at the first election in the Territory. It is clearly proved that the number of Missourians in the Territory at the second election numbered over four thousand. We know that there was an organized invasion from Missouri, under distinguished leaders, to burn and destroy houses and property in Kansas. These were southern propagandists, propagandists for the purpose of slavery extension. Do you not suppose that such outrages excited the people of the North? Was it imagined that they were not capable of defending their rights and the rights of their fellow citizens? They saw slavery thus threatened to be forced upon Kansas; they saw brothers, fathers, sons, their relatives and former neighbors, slain without just cause, and they were filled with indignation. What did the President all this while? Event followed event, and he did not interpose to prevent a recurrence of the outrages. He did not interfere until the settlers from the North rose in arms to defend themselves from violent and bloody assault. How, then, can the President talk of emigrant aid societies and propagandist schemes? He did not interpose until the people from the North were gathered together for their own defense. Then he interposed to protect his allies; and I thank him for that interposition. Had he not done so, I believe there would have been a civil war. But his interference should have been sooner. His duty

was to see that the laws were fairly executed. He did not execute that duty promptly; and it does not lie in his mouth to accuse the Republican party of having created this agitation and caused the burning of cities, and the desecration of homes. The accusation, even if true, should not have come from his lips.

"The President is about to retire to the shades of private life. He came into power in full favor. All are glad now that he is to retire from it. I am sure that I am. As to the incoming administration, I am willing to give it a fair trial. I shall not prejudge it. The people of my State were promised Buchanan, Breckenridge, and free Kansas. Mr. Breckenridge told his partisans in Indiana that he did not belong to a party which sought the extension of slavery. They believed him and aided in forcing on us Buchanan and Breckenridge. Now, let the other part of the pledge be fulfilled. Let Kansas be admitted as a free State. Let that much be done to repair the great injury caused by the repeal of the Missouri Compromise. But if this pledge is not redeemed, if the war between rival institutions be allowed to go on there as it has done, if Kansas is admitted as a slave State, who can tell where this agitation will end? If, by force and fraud, a territory which had long been consecrated to freedom be converted into a slave State, those in the North who have been instrumental in it, will be overwhelmed by the indignation of an outraged people."

Up to this time, no one had more clearly, more frankly and more courageously defined the position and purpose of the Republicans than did Mr. Sherman in this speech. Years after, he expressed a regret that his tone and temper was not such as should have been addressed to the President.

During his first term as a member of the Committee on Foreign Affairs, Mr. Sherman made an exhaustive examination into the merits of the French spoliation claims and came to a conclusion adverse to their payment. He made a report to the committee, setting forth the result of his researches and expressing the views that they were not meritorious and should not be paid. This report was never adopted, and perhaps never acted upon by the committee, but an examination of it to-day will show that not much argument has been added by the opposition to those claims in the years since. In fact, he exhausted the subject and did the labor necessary to such a result without any special inducement or incentive. These claims were stale even then, and his work

was purely a matter of duty, without any hope of credit or distinction. His judgment formed then, never changed, and to the end of his legislative service, he opposed these claims.

The Committee on Ways and Means by a vote of the majority,—reported a bill early in the last session of the Thirty-fourth Congress, to reduce the revenue from Custom duties. There was a pretty general agreement by the Members of both Houses that the revenue should be reduced to prevent an undue amount of money accumulating in the Treasury, but there was great divergence of opinion as to how these reductions should be made. It was proposed to decrease the rates of duty, and also increase the free list. Each Member, as in more recent times, desired the reduction made upon articles produced in some other member's District or State. The bill put wool, if of less value than fifteen cents a pound, or of greater value than fifty cents a pound at the port of importation, on the free list. On the eighteenth of February, Mr. Sherman proposed an amendment to this bill, by which wool would bear a duty of twenty per centum *Ad Valorem*. He made a brief speech in support of his amendment, in which he called attention to the importance and necessity of adequately protecting the American wool grower against the cheap wool of South America and Australia. His motion to amend was lost. These remarks in support of his amendment were Mr. Sherman's first official utterances on the subject of the tariff. Afterwards, to the end of his legislative career, whenever the tariff was up for discussion, either in Congress or before the people, as it frequently was, Mr. Sherman invariably occupied a leading position and in favor of adequate protection to American industry and products.

At the close of the Thirty-fourth Congress, Mr. Sherman was one of the leaders of the Republican party. He had advanced rapidly in public knowledge and estimation. His methods were such as to insure a permanent hold upon his constituents and a secure position as a public servant. In these days it is refreshing to look back to the time when John Sherman was laying the first stones in the foundation

of his great career, and to see how frank and honest he was about every question. He never equivocated or trimmed. With a constituency having in it a large number of Abolitionists, and all belonging to his party, he did not hesitate to announce his belief that the Abolition party was a disturbing political factor, if it was not really dangerous as a party. For less than that Daniel Webster was ostracised in New England, and went to his grave embittered and disappointed.

In later days when the liquor question entered into Ohio politics, and when it was a question of great delicacy and some feeling, Mr. Sherman always expressed frankly, opinions that did not accord with the ultra-temperance sentiments of his party friends. His frankness disarmed opposition. While the men occupying extreme positions might not, and frequently did not agree with Mr. Sherman upon important political and public questions, yet the very fact that he did not agree with the extremes placed him in a position of conservatism, which usually, if not always, placed him with the majority.

The reduction of the tariff by the Thirty-fourth Congress resulted in an insufficient revenue during the whole of Buchanan's administration. An attempt was made to shift the responsibility to the Republican party, but Mr. Sherman showed, in some remarks made on the fifteenth of January, 1858, that but thirty-two Republicans voted for the bill while seventy-two voted against it,—he being one of those who voted against the bill.

## CHAPTER IX.

BUCHANAN INAUGURATED PRESIDENT.— KANSAS AGAIN.— LECOMPTON CONVENTION AND CONSTITUTION.— GOVERNOR WALKER.— DOUGLAS'S OPPOSITION TO LECOMPTON CONSTITUTION.— MR. SHERMAN'S PART IN THE KANSAS STRUGGLE.

JAMES BUCHANAN was inaugurated on the fourth of March, 1857. On the same day, John W. Geary, the third Kansas governor, resigned. Governor Geary had taken a firm stand against the attempt of the slaveholders to fasten slavery upon Kansas without a submission of the question to the people. In February, the Bogus Legislature passed a bill providing for a Constitutional Convention. This bill made no provision for submitting the Constitution to the people and, for that omission, Governor Geary vetoed it and, in his message, reminded the legislature that the people must be left free to form and regulate their domestic institution in their own way. The bill was passed over his veto and, finding himself abandoned by the administration at Washington and his life in danger, he fled the Territory.

This was the situation which confronted the new President.

After much persuasion, Robert J. Walker, of Mississippi, was prevailed upon to accept the appointment of Governor of Kansas. He accepted it upon the express condition that he should advocate the submission of the Constitution to a vote of the people of the Territory. The new Governor's inaugural address, written in Washington and submitted to President Buchanan, contained this declaration: "I repeat, then, as my clear conviction that, unless the convention submit the Constitution to the vote of the actual resident settlers, and the election be fairly and justly conducted, the Constitution will, and ought to be, rejected by Congress." Senator

Douglas was also shown the inaugural address and approved it.

The members of a Constitutional Convention to be held at Lecompton were elected in June, 1857. The Free State men refused to participate in the election because of the fraud and unfairness of the apportionment and method. This convention met on September 7th, and, after an organization had been effected, adjourned to the nineteenth of October. It framed a constitution (the Lecompton Constitution of infamous memory) and adjourned November 7th. This Constitution established slavery in the State and submitted to the people the sole question of whether they would take this constitution with slavery or without slavery. The vote was taken on the twenty-first of December. The Free State voters again held aloof and, notwithstanding their absence from the polls, there were cast for the Constitution, with slavery, 6,143 votes, 3,423 of which were afterward shown to have been fraudulent and, no doubt, at least a thousand more were illegal. Governor Walker protested against the unfair manner of submitting the Constitution to a vote, and against the fraud in this voting but, about this time, the southern members of Buchanan's Cabinet had turned him from his purpose to have a fair and honest election upon the question of the adoption of the constitution, and Walker, finding his policy unsustained by the administration, returned to Washington and resigned.

President Buchanan, in his December message, recommended to Congress the admission of Kansas as a State, under this Constitution. The North was ablaze with indignation at this deception and breach of faith. Abraham Lincoln was thundering against the outrage in Illinois and that State was already out of the Democratic column. Douglas's re-election was coming on and he had to break with the administration on this question or lose his State and his place in the Senate. Promptly he decided upon his course and, immediately upon his arrival at Washington, a few days before the beginning of the Thirty-fifth Congress, he notified the President that, if he made such a recommendation in his message he would

denounce it as soon as it was read. The message was read on the eighth of December and on the ninth, true to his word, Douglas made a savage attack on the Lecompton Convention and the manner of submitting the Constitution to the people.

The Lecompton Constitution was again submitted to a vote of the people of Kansas on the fourth of January, 1858, and, although the pro-slavery party abstained from voting, there were 10,226 votes against the Constitution and 138 votes for it, with slavery. Notwithstanding this overwhelming anti-slavery sentiment against the Constitution, with slavery, President Buchanan, on the second of February, submitted it to Congress, with a message recommending the admission of the Territory as a State, under this Constitution. The Senate passed a bill admitting the Territory, with the Lecompton Constitution, but it was defeated in the House. Finally, this disagreement resulted in a compromise called the "English Bill," by which the Constitution was again submitted to the people and rejected by a majority of nearly ten thousand.

The South, defeated in its purpose and attempt to *extend* slavery over free territory and seeing the utter impossibility of its ever again being able to exert a controlling influence in the Federal Government, hastened the execution of its plans for the dissolution of the Union. Mr. Sherman, in his "Recollections," sets forth with characteristic plainness and with exact truth the causes of the war, in the following words: "The war was not caused by agitation for the abolition of slavery, but by aggressive measures for the extension of slavery over free territory."

The camp fires of the contending factions in Kansas have long since died out in the ashes of time, and wheat fields and corn fields rustle and ripen over the site of the first and forsaken capital of the Territory. From the blood of her martyrs have sprung a million and a half of free people, who are gathering fabulous riches from the fair fields, wrested from the slaveholders. History has finally charged to the account of Buchanan and his Cabinet Cabal, the early opportunities and victories of the Rebellion. Douglas, true and loyal, when

the integrity of the Union was assailed, with errors retrieved and fame secure, died before the crimson streams of war reddened the South, and a generation has been born and a generation has gone since Lincoln came out from among the people to be the greatest leader of the century. Time has settled these old accounts and struck correct balances. Every man conspicuously connected with these momentous events is in his grave, save Galusha A. Grow, of Pennsylvania, who after thirty years' retirement, served as Congressman at large from his State.

It is no exaggeration to assign to Mr. Sherman the most prominent part in this struggle, to prevent slavery from being fastened upon the free Territories. Subsequently Lincoln, in his debate with Douglas, became the leading figure in the contest, and was rightfully given the leadership of the Republican party; but the solid foundations upon which the Republican party rested, and its invincible position upon the slavery question, at that time, were largely the result of the careful and full investigation and report of the Kansas Committee.

If Mr. Sherman's public service had ended with the Thirty-fourth Congress, and with a service of but one term, his name would have been perpetuated, as one of the central figures of a most important epoch. If the South had retired behind Mason and Dixon's Line and, instead of thrusting the Nation into civil war, had sought to shield and strengthen the institution of slavery where it could not be assailed by the National authority, John Sherman would have been set down in history as the man who had done more than any other single man in keeping slavery out of the free Territories and in rendering innocuous the repeal of the Missouri Compromise. But southern statesmen willed otherwise, they decreed that civil war and dissolution of the Union were better than to submit to playing any but the leading part and, in the momentuous events which followed this dread decision, it fell to Mr. Sherman to play such important parts, with such conspicuous ability, that his service in the Kansas struggle became only an incident in a great career.

## CHAPTER X.

First Session of the Thirty-fifth Congress.— Orr Elected Speaker of the House.— Pierce and Buchanan.— The President's Message Precipitates a Debate on Slavery.— Mr. Sherman's Speech in the House.— The Walker Expedition. — Mr. Sherman, as Member of House Committee, Reports on Expedition.

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The House of the Thirty-fifth Congress, elected with Buchanan, was Democratic by a majority of forty-four and promptly organized by electing James L. Orr, of South Carolina, Speaker. The first session of this Congress opened auspiciously for the Democratic party. The country had been prosperous during the administration of Pierce, but political vicissitudes had wrought strangely upon the political fortunes of Pierce and Buchanan. The former had fallen into disfavor and had been refused a renomination, because the conduct and attitude of his administration upon the slavery question had not met the approval of his party in the North; while Buchanan, who escaped personal responsibility only by his absence from the scene of action, was nominated and elected President. In the organization of the standing committees of the House, Mr. Sherman was given but one assignment by the Speaker, viz: sixth on the Committee on Naval Affairs. This assignment was not particularly desirable and the committee was not a very important one at the time, but subsequent events presented an opportunity for some very important and distinguished service as a member of this Committee.

When the Thirty-fifth Congress convened, on the seventh day of December, 1857, the Kansas troubles were approaching a culmination and settlement, but the President's message immediately precipitated upon the House and Senate a heated and

acrimonious debate, which raged with fury during the early days of the session. Douglas, in the Senate, attacked the Lecompton Constitution and denounced, in unsparing terms, the attempt to force it upon the people by fraud and violence. He, in turn, was attacked by his party brethren as a renegade and apostate and, in the charges and countercharges which followed, he defended and attacked with great brilliancy and power. On the fourth of January, 1858, the Lecompton Constitution was again submitted, as heretofore related, and, notwithstanding the overwhelming majority against its adoption, the President sent it to Congress with a recommendation that the Territory be admitted as a State, with this condemned and rejected constitution as its organic law. On the twenty-eighth day of January, Mr. Sherman made a most able speech in the House, in which he reviewed, at length, the history of the Kansas troubles and showed clearly, as he had done many times before, that the attempt to fasten slavery upon Kansas had been carried forward with force and fraud, and in violation, not only of the common principles of self-government, but of the boasted principles of popular sovereignty.

He closed the speech with the following earnest words of warning and prophecy:—

"Now, sir, if you dare, in the face of this vote, attempt to fasten upon the people of Kansas the Lecompton Constitution, you will only deepen their hostility to it and to slavery, and enable them, by its speedy overthrow, to add another wreath to their well earned laurels. They will resist you and all the powers you can bring against them, and craven be he that would not aid them in the holy contest. Calhoun may, if he dare, certify and return a pro-slavery majority to both branches of the Legislature ; the President may station troops in sight of every cabin ; you may arm Lecompte and Cato with injunctions, attachments, writs of mandamus and all the enginery of the law ; but you cannot force that people to submit to this Constitution. They will resist and overthrow it and, sir, they will not be friendless and alone in this struggle.

"But I trust that this dark cloud may pass away, and that a returning sense of justice in the southern representatives, or some show of manly firmness in those of the North, will defeat this measure. I

trust that the same sense of fraternal kindness that guided our fathers in their revolutionary struggle and smoothed away many difficulties in the formation of this Government and, more potent than all else, that the guiding hand of Divine Providence may save our beloved country from the shock of civil strife or civil revolution, the inevitable consequence of any further tyranny upon the people of Kansas.

"In conclusion, allow me to impress the South with two important warnings she has received in her struggle for Kansas. One is that, though her able and disciplined leaders on this floor, aided by executive patronage, may give her the power to overthrow legislative compacts, yet, while the sturdy integrity of the northern masses stands in her way, she can gain no practical advantage by her well laid schemes. The other is that, while she may indulge with impunity the spirit of filibusterism or lawless and violent adventure, upon a feeble and distracted people in Mexico and Central America, she must not come in contact with that cool, determined courage and resolution which forms the striking characteristic of the Anglo-Saxon race. In such a contest, her hasty and impetuous violence may succeed for a time, but the victory will be short-lived and transient and leave nothing but bitterness behind. Let us not war with each other, but, with the grasp of fellowship and friendship, regarding to the full, each other's rights, and kind to each other's faults, let us go hand in hand in securing to every portion of our people their constitutional rights."

These words, whether written or unwritten, came hot from the heart and showed how deeply the depths had been stirred. It would be difficult to find a better specimen of denunciatory speech than is found in these three paragraphs.

In the summer of 1857, one William Walker, began fitting out, in the United States, an armed expedition against the Republic of Nicaragua. His purpose was to capture Nicaragua, adopt slavery and, from this vantage ground, convert the Central American States into slave communities with the purpose of ultimately strengthening slavery in the South. General Cass, Secretary of State, upon information of this plot, issued a circular letter warning all persons against setting on foot or joining such expeditions, and directing all officers of the United States to prevent their organization and embarkment. This letter and these instructions were furnished naval commanders and officers by the Secretary of the Navy. On the sixth day of December, Commodore Hiram

Paulding arrested Walker in Nicaragua and returned him to the United States. An attempt was made by some members of Congress to censure Commodore Paulding for this act, done in obedience to a plain order and direction of his superior officer. The matter was referred to the Committee on Naval Affairs, of which Mr. Bocock, of Virginia, was chairman and, after voluminous evidence was taken, showing beyond any reasonable doubt, that Commodore Paulding was not only justified in his conduct but that it was his duty, under direct orders to apprehend Walker, a majority of the committee, with their visions shortened by their slavery interest and prejudices, presented a report which found that there was no authority for the arrest of Walker and that the act deserved the disapproval of Congress. Mr. Sherman, for the minority of the Committee, reported the following resolution:

"Resolved, That Commodore Hiram Paulding, in arresting William Walker and his associates and returning them to the jurisdiction of the United States, acted within the spirit of his orders and deserves the approbation of his country."

This resolution was adopted and Commodore Paulding was completely exonerated.

## CHAPTER XI.

MR. SHERMAN BEGINS THE STUDY OF QUESTIONS OF FINANCE AND EXPENDITURES.— HE CRITICISES METHODS OF LEGISLATION.— HE SHOWS GREAT INCREASE IN COST OF GOVERNMENT.— HIS SPEECH.— ABUSES IN NAVY DEPARTMENT.— INVESTIGATION.

THE question of slavery in Kansas being settled by the people themselves, Mr. Sherman turned his attention to the study of questions of finance and public expenditures.

The reduction of tariff duties during the closing days of Pierce's administration had resulted, as before mentioned, in an insufficient revenue. This insufficient revenue brought prominently forward and exposed certain abuses in appropriations and expenditure of appropriations which had been growing for some years. Some time before the beginning of the first session of the Thirty-fifth Congress, Mr. Sherman had begun a systematic and exhaustive study of the questions of revenue and expenditures. This investigation was continued during the session and until May 27, 1858, on which day he delivered a speech in the House, which, for exhaustive research, for clearness and conciseness of statement, for well-turned English and for forcible delivery, has not often been excelled in the House of Representatives. An examination of the proceedings of Congress will show that a discussion of the questions considered in his speech had seldom been held prior to its delivery. At least, no such unanswerable indictment had been drawn and presented against an administration prior to that time. This speech pointed out many abuses, not alone in the expenditures but in the making of appropriations, some of which have since been remedied and others of which still continue.

At that time the appropriation bills were all prepared by the Committee of Ways and Means. He pointed out that this entailed too much labor upon one committee, more labor than could be done correctly and with dispatch. He argued that the various committees having in charge the general subjects for which appropriations were made should prepare and present the appropriation bills covering those subjects. He said the Naval Committee should prepare the Naval Appropriation Bill, the Military Committee, the Bill Appropriating for the Military Establishment, etc. Since then, the Committee of Ways and Means has been wholly relieved of any duty relating to appropriations and all appropriation bills are prepared by the committee having in charge the general subject appropriated for, or by the Appropriation Committee.

He argued that the conduct of the Senate in loading appropriation bills with large sums, by way of amendment, was an infringement on the constitutional prerogative and right of the House to originate all revenue bills. He called attention to a particular loan bill which had originated in the Senate, in direct violation of the right of the House, and he recommended, as the only adequate remedy, that the House summarily refuse to receive such bills. Whatever may be said as to the soundness of Mr. Sherman's argument on this point, as a matter of constitutional and parliamentary right, it can be said that if the course marked out by him had been followed in the years since, many millions of dollars would have been saved in appropriations and the responsibility for abuses would have rested where the framers of the Constitution expected it would rest, upon the House of Representatives.

He pointed out and condemned the practice of the House in wholly ignoring certain committees which would have been created for the purpose of passing on or reviewing the expenditures of the great departments of the Government. He cited many instances of appropriations, made by Congress for a specific purpose, being transferred to some other purpose by the Executive departments, and denounced the practice as in violation of the constitutional rule that no ex-

penditure of money should be made except by express authority of law; and he proposed that, if no other remedy could be found for the abuse, resort should be had to the power of impeachment. His remarks upon these general propositions were so well timed and forcible that they drew from Governor Letcher, who was then a member of the House from Virginia, and a member of the party opposed to Mr. Sherman, a high compliment, the effect of which was in no degree abated by some political animadversions of a personal and party character.

This speech referred to the unexampled and unnecessary increase in the cost of maintaining the National Government, which occurred during the Buchanan and the preceding administrations, and pointed out with facts and figures which made an unanswerable argument that in the face of this increase, no means had been provided or proposed to provide or pay for this increase of expense. He showed that the Buchanan administration began with a surplus in the Treasury of over $17,000,000 and that, at the end of the second fiscal year, that would have been exhausted and the public debt increased to the amount of $63,000,000. In these days of billion dollar Congresses, these amounts do not seem startling but then, with the total revenue of the Government amounting to no more then $50,000,000 a year and the expenditures nearly double that amount, the question of providing means must have been one of the most pressing importance.

An incidental reference in this speech forces upon our minds and appreciation the vast growth and extension of public works and improvement since 1858. In one portion of his speech, Mr. Sherman criticised what he called a discrimination between the East and the West, in making river and harbor appropriations. He said the Northwest would presently be the great resource from which the National greatness would be sustained and that, if a million and a half was appropriated for commercial advantages and improvements in that section, it would show a commendable justice and liberality which had not theretofore, been vouch-

safed. Since that time more than a million-and-a-half has been appropriated at one time for a single harbor in Lake Erie, and many millions have been appropriated and expended for a single work on the Great Lakes. No one could justly and critically examine into the sources of John Sherman's greatness and power in public service without a careful reading of this speech and, inasmuch as it does not seem to be in print except upon the almost inaccessable pages of the "Congressional Globe," it is here printed in full, except the tables, the aggregates and results of which appear in the text: —

MR. SHERMAN, OF OHIO. "I wish to state my reasons for opposing this bill, and also the bill authorizing a loan of $15,000,000. It is with some reluctance that I trespass upon the time of the House at this period of its session; and I will make my remarks as brief as possible. I do not know that any other opportunity will occur, and I shall, therefore, embrace the present.

"On the first day of July last, there was a surplus of $17,710,114 in the Treasury. This surplus has been reduced to a shadow of a shade. The Secretary of the Treasury, in December last, in a message calling for an issue of $20,000,000 of Treasury notes, told us that, in all probability, but a small part, if any, of the amount would be needed at an early day; yet, now, we have another message from that same officer, in which he tells us that —

"'The $20,000,000 loan of Treasury notes, authorized by the act of December 23, 1857, will be exhausted in supplying the deficiencies in the Treasury for the present fiscal year.

"We shall commence the next fiscal year dependant entirely upon the current receipts into the Treasury to meet all demands from it.'"

"So, for the first year of this administration, we have, in addition to the current revenue, an old balance of $17,000,000 and $20,000,000 of Treasury notes already expended and gone. We have a deficiency of $37,000,000 in a single year; and we are now called on by the administration for another loan of $15,000,000. And, sir, we are told that this loan will not meet the exigency, it is only a partial remedy, a homeopathic dose. The Secretary gives us fair notice that he will want further loans during the next fiscal year. I will call the attention of the committee to this clause of his letter:—

> "'I have confined this inquiry to the first two quarters of the next fiscal year, as Congress will reassemble before the close of the second quarter, and it will be time enough then, should it become necessary, to provide for future contingencies that *cannot now be foreseen*.'

"'Future contingencies that cannot now be foreseen!' Is the Secretary, like Micawber, waiting for 'something to turn up?' Sir, these future contingencies can be foreseen. I can demonstrate to any sensible man that the Secretary of the Treasury will be compelled to call on Congress for $42,000,000 to supply deficiencies in the next fiscal year. To that will have to be added $21,000,000 to redeem the outstanding Treasury notes and interest, which run but for one year, so that there will be an addition to the National debt of $63,000,000 in two years.

"Under these circumstances, a loan bill is proposed to the House, and it is not accompanied by any measure of revenue, or of retrenchment and reform. No proposition is made to increase the tariff, no measure to enlarge the revenue. As the first fruits of this administration, we are embarked in a permanent system of loans to support the Government.

"I desire, for a moment, to call attention of the committee to another remarkable paragraph of the Secretary's letter. He says that, since the meeting of Congress, 'the demands upon the Treasury for the present fiscal year have been increased by legislation to an amount not far below ten million dollars.'

"I would like to know by what legislation we have increased the burden thrown upon the Treasury. Has the Committee of Ways and Means introduced measures into this House appropriating $10,000,000 not sanctioned by the Executive? Has any act been approved by the House which appropriates $10,000,000 not called for by the Secretary of the Treasury? If Congress has thrown an additional burden upon the Executive departments, I would like to know by what law and for what purpose it has been done. I have no knowledge of any bill which has not been demanded and urged upon us by the Executive. Certainly, Congress has proposed no new expenditure. But the Secretary says that has been done BY LEGISLATION. We did pass a deficiency bill and that, I suppose, is the legislation referred to. But at whose demand? We all know how urgently these executive officers, who now seek to charge that Congress has thrown upon the Treasury an additional burden, begged us to pass the deficiency bill. And what was this deficiency for? To carry on the Utah war, a purely executive war, a war made and carried on without the assent of Congress. An improvident war, a war as feeble in its conceptions as it is likely to be in its termination. With great *eclat*, and at great expense, the administration gathered together an army in the Territory of Kansas to overawe that people, and retained it there until a period too late to march to Utah before the approaching winter. With utter disregard of either policy or economy, the President then ordered forward our gallant army to spend the winter in the Rocky Mountains. He did not wait until Congress could be consulted. Instead of sending peace commissioners to reason with a

rebellious people and negotiate terms of peace, he posted this army in the mountains and compelled them to be supported there with flour at fifty dollars a barrel and other provisions at an equally enormous rate. After millions have been thus wasted, he discovers, for the first time, that negotiation might prevent the war; and then, with ridiculous haste, commissioners are dispatched to overtake the army. Recent advices indicate that a private citizen has accomplished what the administration too late attempted, and thus the Treasury has been burdened by the useless expenditure of millions of treasure by an unauthorized act of executive power.

"Mr. Chairman, I now desire to submit to the committee some remarks in regard to the expenditures of our Government, and to show their increase, and where we are drifting to. The expenditures of the last fiscal year, according to the documents which we have before us, were $71,072,213, inclusive of payments on the public debt; and $65,032,559, exclusive of the public debt. This is several millions more than was expended for any year during the Mexican War. I have endeavored to estimate, as nearly as I could, the expenditures for this current fiscal year; and, in doing so, I have taken the materials furnished us by the Committee of Ways and Means. I find that, at the third session of the Thirty-fourth Congress, $72,112,298 were appropriated; for this year, I find that the Committee of Ways and Means has increased this sum by deficiency bills, amounting to $11,201,701, amounting in all to $83,313,999. This sum has been appropriated, except the $600,000 for printing, and has nearly all been expended. Secretary Cobb makes the estimate a little higher, or near eighty-five million dollars. Thus far the estimated expenditures by annual report are $74,963,058; add $10,000,000 mentioned in his recent letter as for deficiencies not estimated for; but as he has been unfortunate in his figures heretofore, I prefer to follow my own.

"I have endeavored carefully to prepare an estimate of the expenditures for the next fiscal year.

"By the annual estimate of the Secretary of the Treasury, the expenditures for that year would be $74,064,755. But this does not include many items, most of which will have to be paid for as certainly as the President's salary, making in the aggregate, $92,143,202.

"It is true that some of these may be overestimated, but I have taken the estimates furnished to me by the Committee of Ways and Means. It may be that the army deficiencies next year may not be so large as I have put them down. It may be that two of these new regiments may be dispensed with. It may be that they will be much larger; but I take it as a reasonable inference that the deficiency next year will be as large as the deficiency this year, because deficiency bills never decrease.

"Now, this sum of $92,000,000 does not include any of the following

items of expenditures and I wish gentlemen to add those, upon their own estimate, to this aggregate. For protecting works commenced on our numerous rivers and harbors, the lowest estimate, of which is $1,500,000; and then there is your Calendar of one thousand private bills, demanding your attention. There is the pension bill for the old soldiers of the war of 1812, proposed by the gentleman from Tennessee (Mr. Savage), requiring $8,000,000 per annum. There are the ten new war steamers, proposed by my friend from Virginia (Mr. Bocock), $2,500,000. The French Spoliation Bill, urged so forcibly by the gentleman from Massachusetts (Mr. Davis), which, if passed will require $5,000,000. The duties to be refunded on goods destroyed by fire, I do not know how much. Commutation to the heirs of revolutionary soldiers, I do not know how much. Claims growing out of Indian wars in Oregon and Washington, urged by the delegate from Oregon, and certified by an executive officer, $5,000,000. Then we have the Pacific railroad, a foretaste of the cost of which we have had in $1,000,000 expended already in the publication of the report of the surveys.

"Now, I have shown that, in all human probabilities, the expenditures of this Government will be from ninety to one hundred million dollars. To meet this, the Secretary, in his recent letter, estimates the receipts for the first two quarters at $25,000,000. We know from comparison with former years, that the receipts for the last two quarters will not exceed the first, making the aggregate of receipts $50,000,000, or a deficiency of over $40,000,000 for next year.

"And yet, sir, for this alarming condition of the public finances the administration has no measure of relief except loan bills and paper money in the form of Treasury notes. No provision is made for their payment; no measures of retrenchment and reform; but these accumulated difficulties are thrust upon the future, with the improvidence of a young spendthrift. While the Secretary is waiting to foresee contingencies, we are prevented by a party majority from instituting reform. If we indicate even the commencement of retrenchment or point out abuses, on this side of the House, we are at once assailed by members of the Committee of Ways and Means.

"The only effort at retrenchment which I have seen here successful was that made by the gentleman from Kentucky (Mr. Mason), in reducing the number of officers employed about this Hall.

"That the Committee of Ways and Means have no purpose of commencing a reform, we have ample evidence in the appropriation bills before us. I have a table here showing that, during the present session of Congress, its chairman has introduced appropriation bills, prior to the twelfth of May, amounting to more than $69,000,000.

"This table does not include permanent appropriations, amounting for this fiscal year to the sum of $7,436,582, nor does it include a multitude of bills appropriating money from all the other standing committees, and we

are told that other bills are yet to be reported from the Ways and Means Committee. We know, by sure experience, that these appropriation bills are never diminished; they are increased in this House; they are sent to the Senate, and there they are overloaded with items already rejected by the House. Nor does this table include a class of expenditures much more deserving public favor than many of the bills reported. The rivers and harbors of the West in vain demand improvement. While millions are expended in your coast surveys and Atlantic defenses, you scruple over a comparatively small sum, absolutely necessary to keep from destruction improvements already commenced in the lake harbors.

"If, while gentlemen are lavish in the public money, they would vote $1,500,000 to the protection of the commerce of the great and growing power in the Northwest, it would show some kind of justice and liberality. But, sir, the region of country which will in a short time control the destinies of this Nation; which now, in its almost infancy, feeds your artisans and sailors, and in time of war furnishes sturdy defenders of your National honor, has appealed in vain for ordinary repairs of their harbors, because (for I can see no other reason) they are not upon the Atlantic coast. Time will soon cure this evil; and we who come from the West will have the power to legislate for ourselves, as the Atlantic and Gulf coast has done in times past.

"It thus appears that from the foundation of our Government, on the fourth of March, 1789, to December 31, 1791, nearly three years the aggregate expenses of this Government, exclusive of the public debt, were $1,919,589. For the next fiscal year, probably a better basis for estimate, it was $1,877,903. Our population was then three million nine hundred and twenty nine thousand, being less than fifty cents to each inhabitant. Our expenses have now increased to $83,000,000 this year, and $93,000,000 next year, making an average of $3.00 for each inhabitant. In 1830, in General Jackson's time, the expenditures were $13,000,000, and the population was nearly as many millions. The amount to each inhabitant was $1.03. In 1840 it amounted to $1.40 to each inhabitant. But now it is $3.00 to each inhabitant, or $30.00 to every free family, upon the basis of the census of 1850, showing the number of families to be three million three hundred and sixty two thousand three hundred and thirty-seven, or $23.00 to every voter of the four million fifty-four thousand four hundred and fifty at the presidential election of 1856. While the population has increased sevenfold, the expenditure has increased, up to 1857, thirty-six fold, and up to this year, forty-eight fold.

"The aggregate expense of Mr. Pierce's administration, exclusive of payments on the public debts, was $232,820,632 The aggregate expense of the Government, from its foundation up to the close of the war, and prior to January 1, 1815, exclusive of payments on the public debt, was $172,697,779; so that the expenses of the aimless, fruitless, mischievous

administration of President Pierce, were $60,000,000 more than the entire expenses of the Government up to the close of the last war. Sir, institute a comparison between the results of the first twenty-six years of our National Government and of the late administration. Contrast the history, progress, and growth of our country; contrast its purity, its prosperity, its greatness, during the administration of Jefferson, of Washington, of Madison, and of Adams, with that of Pierce, and then you may be able to appreciate the rapid growth of our expenditures, from the simple fact that four years of modern Democratic adminstration cost more than twenty-six years in the earlier and purer days of the Republic.

"The expenses of this year, the first under Mr. Buchanan's administration, will be $5,000,000 more than the entire expenses of the Government from its foundation to the close of Jefferson's administration. The aggregate expenses for the first twenty years of our Government were $78,363,762; and I have already shown that, this year, the expenses exceed $83,000,000.

"Sir, your deficiency bill this year amounts to more than the average expenses of the Government for the first forty years of its existence. Your miscellaneous bill amounts to more than the aggregate expenses of the Government in any year, except the years of the war, prior to 1830. We appropriated $18,946,189 for miscellaneous purposes; and yet, if you look at the table you will find that the aggregate expenses of the General Government, exclusive of the public debt, are much less than that for every year except during the period of the last war with Great Britain.

"I have another table here, carrying out the comparison instituted by the gentleman from Alabama (Mr. Curry), the other day, in his very able speech, to which I listened with great pleasure. It contrasts expenditures of the Government in 1840 and those of 1857.

"By this it is shown, that, in the year 1840, the civil list amounted to $2,736,769,031, and, in 1857, to $7,611,547,027. I find that the miscellaneous expenditures, an endless collection of jobs and contracts, run up from $2,500,000 to $19,000,000. I find that the expenditures for the military service run up from $7,000,000 in 1840, to $19,000,000 in 1857, and to $26,000,000 this year. The naval expenditures of the Government run up from $6,000,000 to over $12,000,000, and for next year, over $13,000,000, exclusive of fortifications and the ten new sloops-of-war.

"It shows a gradual increase of the expenditures of the Government, until within a few years, and then a rapid increase for the last few years, as compared with former ratios of increase. Formerly, and prior to 1840, the expenditures of the Government increased in but a slight degree more than the ratio of population and the extension of territory; but now it is going far beyond that.

"Now, when we go into the details of this expenditure, we find some of the most startling phases of political economy. Let us take up, for instance, the items of contingent expenses of the House and Senate. In 1840, the pay for the employees of both Houses of Congress amounted to $42,592; in 1857, it amounted to $156,000; and yet the number of persons composing the Congress of 1840 and 1857 was substantially the same. I find that the incidental and contingent expenses of the Senate rose from $100,000 to $287,000; the incidental expenses of the House from $240,000 to $1,340,000. I find that the expenses of the President and the different departments, at the other end of the avenue, have risen from $850,581 to $1,927,673.

"I find that I then omitted some items for the next year and that the amount of emoluments is even larger than I stated. We have indirectly increased the salary and incidental expenses of the President from $29,000 to something like $60,000, and that, too, in plain and direct violation of a clause of the Constitution which forbids any increase of the emoluments of the President, during his term. Another comparison will illustrate the increase of expenditures. I find that by reference to a speech made in the Senate, by Mr. Trueman Smith ("Congressional Globe," vol. 25, page 124,) that the entire expense for the printing of the Twenty-sixth Congress was $190,864, or $95,432 per annum. I find, from a recent report from the chairman of the Committee on Printing (Mr. Taylor), that the expense for the printing for the Thirty-third Congress, famous for its repeal of the Missouri Compromise, amounted to $3,025,827, or $1,512,918 per annum; or more than $10,000 to every member of both Houses of Congress. Such is the character of the increase in that single item alone. That was the expense incurred for the printing of the Thirty-third Congress, which I think was the most disastrous in the history of our Government, because it reopened a strife long before that time settled, and inaugurated this wild system of reckless expenditure which we will find so difficult to check.

"Look, sir, at the miscellaneous items of expenditures. In the early reports of the Secretary of the Treasury, the miscellaneous items were few and far between. But if gentlemen will turn to the reports for this session (House Document No. 13), they will find from page 25 to page 63 filled exclusively with the details of the miscellaneous expenses of the Government, amounting to $18,946,189. In this vast mausoleum are buried your secret contracts, your jobs, your custom-houses, your marine hospitals, your Post-office deficiency and Post-offices, your coast survey, your court-houses, a vast catalogue of jobs to partisan favorites."

Mr. SMITH, of Virginia. "You voted for them."

Mr. SHERMAN, of Ohio. "The gentleman will find, by looking at the record, he is mistaken. But I am glad he has called my attention

to this point. I hope he and his political friends will press it daily and hourly. His remark shows how thankless a task it is for a gentleman upon this side of the House to comply with the urgent demands of the Executive for money. Perhaps it may teach my friends a lesson; but if it does not, then I hope they will take warning from the example, and the very marked example, set the other day in the case of my colleague, Mr. Campbell, who had displayed his zeal, I think unwisely, in the last Congress in urging all the appropriation bills and complying to the fullest extent with the demands of the Executive; and, sir, when any of us yield, and, under the commendable desire to sustain the Government, even when unwisely administered, vote for general appropriation bills, then those extravagant appropriations are thrown in our teeth, when we only vote what they ask. I trust gentlemen upon this side of the House will take this as a warning and as a lesson. It is a thankless task for gentlemen to aid an administration like this or its predecessor in carrying on the burdens of the Government, when they cannot vote for a single appropriation bill without having all these contingencies and jobs and other items thrust upon them, and being told, 'you voted for them.' Sir, I can say, for one, I did not. The gentleman will not find me in that category.

"I have already referred to the military establishment showing a vast increase in its expenditures. I might, with the documents before me, show how millions have been sunk for transportation, subsistence, and supplies, upon contracts made without public notice, but I am admonished that my time will not allow.

"Without an opportunity to examine and under the plea of pressing necessity, at an early period of the session, we were called upon to vote extravagant appropriations, intended to cover large contracts for subsistence and transportation, many of which are illegal, or have it charged upon us that we are willing to leave our gallant army in the Rocky Mountains without food and shelter. Unwilling to do that, some on this side voted for the Deficiency Bill; but who can trace the expenditures of this money?

"We were told yesterday, by the chairman of the Committee of Ways and Means, that all these appropriations are in pursuance of existing law. Now, I want him to answer, at his leisure, how it comes that, in 1852, there were employed in the collecting of the revenue two thousand five hundred persons; and that in 1854, when the law had not been changed, there were employed in the various custom-houses two thousand nine hundred and thirteen; and in 1857, three thousand and eighty-eight employees; and this before the new tariff had gone into operation? How comes this increase of five hundred officers in the custom-houses? Under what law was the increase made? By what authority are these fresh leeches set upon the Treasury? Sir, a large portion

of the appropriations annually made depend simply upon your will; and, if you cut off the supply, the expenditures will cease without impairing a single provision of law.

"Sir, retrenchment and reform are now matters of imperative necessity. It is not the mere cry of demagogues, but a problem demanding the attention and worthy the highest ability of the representatives of the people. No party is fit to govern this country which cannot solve it. It is vain to look to executive officers for reform. Their power and influence depend upon executive patronage and, while we grant, they will squander. The Senate is neither by the theory of our system, nor by its composition, fitted for the task. This House alone has the constitutional power to perfect a radical reform. The Constitution provides that no money shall be drawn from the Treasury but in consequence of appropriations made by law, and that all bills for raising revenue shall originate in the House of Representatives. These provisions were designed to invest in this House the entire control over the public purse, the power of supply; this is invested in the House of Commons and has been jealously guarded by it. It is the pearl beyond price, without which constitutional liberty in England would long since have fallen under the despotism of the Crown.

"By the exercise of this power we may hold the Executive and the Senate in check. But instead of using it, this House has, by slow degrees, allowed the other departments of the Government to evade and virtually overthrow its constitutional power. This change may be briefly illustrated. The theory of our Government is that a specific sum shall be appropriated by a LAW originating in this House, for a specific purpose, and within a given fiscal year. It is the duty of the Executive to use that sum, and no more, expressly for that purpose and no other, and within the time fixed. Such is the theory; but what is the practice? Under a section of law passed in August, 1842, which was designed only for that bill and for that year, the departments assume the power to *transfer* appropriations made for one purpose, to any other purpose in the same Department, thus defeating all checks. Without law, they use money appropriated specifically for the service of one fiscal year, to pay for the service of another fiscal year. A marked example of this occurred recently. The present Secretary of the Treasury took money, appropriated in March, 1855, for the expenses of the Territorial Legislature of Kansas for the year ending June 30, 1856, and, in the face of a refusal by Congress to appropriate money to support the bogus usurping Legislature Assembly for the year ending June 30, 1857, took the balance of the old appropriation and applied it to that purpose.

"Another abuse by the Executive departments is in their habit of making contracts in advance of appropriations. They make contracts without law and compel us either to sanction them or violate the pub-

lic faith. I will give a common instance. An appropriation of $100,000 is made to construct a custom-house; the Department, instead of contracting for a custom-house of that cost, make contracts for the construction of one costing two or three millions. In this way, the power of the House has been absolutely overruled. And when they come here and ask for money to carry on the work, you vote for the money, to save from entire loss the sum already expended and because the contracts have been made. Now sir, I say that every contract which looks to the expenditure of one dollar more than has been appropriated, is utterly null and void. Take, for instance, the custom-house at New Orleans. In 1848, Congress appropriated $100,000 for the construction of a custom-house in that city, upon the express condition that the city should donate to the Government a lot of ground for that purpose and make out a clear and valid title. Well, sir, the $100,000 appropriated was all expended in the sinking of the foundation of a building of untold magnificence, never contemplated by those who made the appropriation. The Department again came to Congress for another appropriation, and Congress has gone on making appropriations until $2,675,258 have been expended; and the Representative from New Orleans is now demanding more money to complete her custom-house.

"For the city of Charleston, South Carolina, 1848, an appropriation of $30,000 was made as a sort of a rider to an appropriation for a custom-house at Savannah. Well, sir, upon the basis of that $30,000 the Government has gone on with its plans and has already expended $1,703,000. I do not know how much more will be needed to complete the building; but the Representative from the Charleston district told us the other day that valuable ornaments of stone were lying about and further appropriations were needed either to complete the building or protect the materials from destruction. In this way the Executive is gradually sapping the foundations of the Government and destroying the constitutional power of the House. Instead of a representative Republic, we are degenerating into a bureaucracy governed by red tape and subaltern clerks. While the powers of the House are invaded, the Executive takes care to extend, by construction, his just powers. Of this we have an example in the Utah war. What power has the President, without the consent of Congress, to order the army to Utah, and thus involve the Government in an expenditure of millions upon millions? It is said that he is Commander-in-Chief of the Army, under the Constitution of the United States. But the Constitution declares that Congress shall declare war. He is Commander-in-Chief, but only to carry on war when war has been declared by the Congress of the United States. He is our instrument, he is our servant, and not our master. And yet he has involved the Government in this Utah war. It is an usurpation which ought to be resisted by the whole legislative power of the Government.

"We have the undoubted power over supplies and yet the President so acts as to leave to us no discretion. He creates the necessity for expenditures, and when we are asked to appropriate money to pay them, all the reply we have to our inquiries is, that the Army was ordered there by the President, as the Commander-in-Chief of the forces. While I would not allow these gallant men to suffer where they are, yet I would call the President to account for having violated the principle and policy of our Government.

"The Senate, also, has been guilty of an invasion of our privileges. When we send bills there they are returned to us loaded down with amendments for the very sums which we refused to give. They send these amendments here and we are impliedly told that unless we agree to them the entire appropriation bill will fall, and Congress be called back in extra session. It will be recollected that the appropriation for the Washington aqueduct, and many other extravagant items of expenditure, were carried through in that way. The Constitution of the United States gives to the Senate power to propose amendments to revenue bills, but expressly withholds from it power to originate such bills. But by the abuse of their limited powers to amend, they defeat the exclusive power of the House. But not only that, the Senate at this session, by direct usurpation, has exercised the power which the Constitution confers upon this House alone. It has originated a loan bill, sent it here, and it is now upon the Speaker's table. Is not a loan bill a bill for raising revenue? There was some dispute as to appropriation bills being revenue bills, but there can be no doubt about this bill. If a loan bill is not a revenue bill, I do not know what is. Blackstone defines a revenue bill to include all bills by which money is directed to be raised upon the subject, for any purpose, or in any shape whatsoever. (Com., vol. I, page 169.) This bill proposes to raise revenue by borrowing. If you look at the practice of the House of Commons, you will see that loan bills are in the first class of revenue bills.

"Sir, as the Senate has sent this revenue bill here in violation of the Constitution, the House ought not to receive it. There is an example in British history where such a bill was sent by the House of Lords to the House of Commons. It occurred two hundred and fifty years ago. The House of Commons sent the bill back to the House of Lords with a message that the House of Commons could not even consider the bill, because it violated their privileges. From that day to this, the House of Commons would never allow the House of Lords to originate any money bills. It was from that feature in the British Constitution that our fathers modeled the provision inserted in the Constitution of the United States; and the only difference between our law and the law of England is that the Senate may amend revenue bills, but cannot originate them. The House of Lords cannot amend them, nor add even an appropriation for one

dollar to any bill for any purpose; because it is the privilege of the House of Commons to raise money bills.

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"As the Senate has sent us this bill, let us follow the example of the House of Commons, which I have recited, and send it back with the message that we can not even consider it, because it violates the privilege of the House of Representatives. A single evidence of the spirit and watchfulness of our fathers would save us from further encroachment. But we are told that the Senate has sent loan bills to this House before. Well, if there have been bad precedents, I see no reason why we should continue to follow them. Instead of reference to the Constitution, we are referred to bad precedents. We may be referred to the Treasury Loan Bill, at the beginning of this session, which came to us from the Senate. I say that even a multitude of bad precedents do not repeal the Constitution of the United States. If so, then there is no safeguard, no virtue, in the Constitution. It is the unalterable law of the people, and neither precedents nor Presidents nor Senates dare overthrow it as long as there is an independent House of Representatives to hold them in check.

"But many of these abuses have grown out of the neglect of the House. We have thrown too much of the business of the House upon the Committee of Ways and Means. Voluminous reports from the Executive departments are sent, without indexes, to that Committee. It is not in the power of that Committee to give the proper inquiry and consideration to all this business and, therefore, they become the mere transcribing clerks of the Executive departments. When any information is asked for in debate, no member is able to give it; but the chairman of the Committee of Ways and Means sends to the Clerk's desk, to be read, a letter from some subordinate under the President. This is not right. Every committee should be allowed to originate its own appropriation bill. There is no reason why the chairman of the Committee on Military Affairs (Mr. Quitman) should not have the preparation of the Army Appropriation Bill, instead of the Committee of Ways and Means. The Committee on Naval Affairs consists of gentlemen well acquainted with the details of that service, and there is not one soldier, much less a general, on the Committee of Ways and Means.

"There is no reason why the Committee on Naval Affairs, over which the gentleman from Virginia (Mr. Bocock) presides, should not frame the Navy Appropriation Bill. The Committee of Ways and Means was originally intended as the committee to which should be referred measures of revenue and tariff. Instead of being confined to that, they have had transferred to them the whole legislation of this country; and when that committee is composed, as it is at this session, of a strong

party cast, and the administration can command a majority on it, we virtually deprive ourselves of all power to decide on questions of legislation, and intrust them all to that Committee. From the large mass of business thrown upon that Committee, it is compelled either to neglect a portion or to report to the House without that ample information which we ought to have on every question of finance.

"Another neglect or abuse is in the manner in which we conduct our business. The practical limitation of debate is a surrender of our privilege. Every grievance should be redressed before an appropriation is made. The old maxim was, 'grievances before subsidies.' It was under that good old maxim of the British law that our forefathers held in check the Crown of Great Britian. It was under the same principle that our forefathers entered into the revolutionary struggle. We ought to stand by it; but instead of that, we come here and debate at length Executive usurpation, and then, at the end of the session, rush the appropriation bills through, giving the Executive all he wants and ample means and power to laugh us to scorn. An opposition that does not perform its full duty, that does not withhold appropriations until the Executive yields to the just demands of the people, is not true to itself or its constituents.

"Again, we appropriate money, and never inquire into its expenditure. The eighty-ninth rule provides for a Committee on Expenditures; yet that Committee never meets. It is a remarkable thing that that Committee, which ought to be one of the most important of the House, is totally neglected.

"In the reference of the President's message, the Committee on Expenditures is never mentioned; yet it ought to have before it all the expenses of the Government, and every dollar expended by the Government should undergo before it a careful scrutiny. By reference to the rule it will be seen that that Committee is bound to examine every item of expenditure, and to see that it is made in conformity with law. Yet it has not met for years. So, too, with other committees. Shortly after the late war with Great Britain, five or six standing committees were created to examine the expenditures in the various Executive departments. These committees are annually appointed, but rather for show than service. Nothing is referred to them. It is not their fault, but the neglect of the House. Here is a reform which ought at once to be made. All these committees on expenditures ought to be charged by the House with the proper documents, and should faithfully perform their important duties.

"And, sir, we have neglected another power, and that is the POWER OF IMPEACHMENT. Every violation of a provision of law ought to be followed, either by impeachment or a bill of indemnity. If the necessity is so urgent as to justify an executive officer in violating a law,

or to vary a hair's breadth from the law, this House ought to recognize that necessity by passing a bill of indemnity, otherwise an impeachment ought to follow the moment the delinquency is brought to the notice of Congress. In my judgment, the House ought not to waste its time in covering up plain violations of law, even if not involving turpitude, violations which ought to be followed by impeachment and thus throw upon the Senate the duty of trying the offender.

"When you bring about these reforms, we shall have no more loan bills, we shall have no more Treasury notes. In my judgment, from the most careful examination I can make, the expenditures for the next fiscal year can be reduced to $50,000,000, a sum which will be within the public receipts. But I have no hope that this will be done. We know by fatal experience the power and influence of the Executive uncurbed and unchecked. It is only when this House assumes and maintains its full powers, and enforces them, that the President and the heads of the Departments can be kept within the law. I include heads of Departments, because though not recognized by the Constitution, except as mere clerks of the Executive, yet custom and public opinion have given their mandates an undue importance. They are sent to us, the Representatives of a free people, and we are expected to bow in abject submission to their demands. For one, while I hold a seat on this floor, I will examine for and expose any violation of law, whoever may commit it. Such is the duty of each of us. Important powers are delegated to us, and we cannot avoid their exercise without dishonor. When a mere question of etiquette arises, we may be disposed to bow politely and yield; but when it comes to performing representative duties, we should perform them, whoever may sneer, whoever may reproach, and whatever power may stand in the way. I know of no power above the power of this House.

"But, sir, I have no hope, while this House is constituted as it is now, of instituting any radical change. I believe that the House of Representatives should be in opposition to the President. We know the intimate relations made by parties and party feelings. We know that with a party House, a majority of whose members are friends of the President, it is impossible to bring about a reform. It is only by a firm, able, and determined opposition, — not yielding to every friendly request, not yielding to every urgent demand, not yielding to every appeal,— that we can expect to reform the abuses in the administration of the Government.

"At the beginning of this session I did hope that a majority of this House would compose such an opposition; and while on the one hand it crushed the unholy attempt to impose an odious constitution, by force or with threats or bribes, upon a free people, it would be prepared to check the reckless extravagance of the administration in the disburse-

ment of the public funds. But the power of party ties and Executive influence were too potent. We can only look now to the virtue and intelligence of the people, whose potent will can overthrow Presidents, Senates, and majorities. I have an abiding hope that the next House of Representatives will do what this should have done, and become, like its great prototype, the guardian of the rights and liberties of the people.

"I return the sincere thanks to the committee for the indulgence and attention it has given me."

On the eighteenth day of January, 1859, Mr. Sherman introduced a resolution reciting certain alleged abuses in the Navy Department, and asking that a committee of five be appointed to investigate the charges and report its finding to the House. The resolution was adopted and a committee appointed, of which Mr. Sherman was chairman, quite contrary to the modern practice in such cases. The majority of the committee, however, was Democratic and, of course, in sympathy with the administration, and inclined to shield it, if possible. Much testimony was taken and the most glaring abuses, involving the moral turpitude of high officials of the Government, shown. The majority made a report, the central purpose of which seemed to be their desire to relieve the Secretary of the Navy from responsibility. The minority made a report, bringing its responsibility home to the head of the Department and to the President himself. The report was made within a few days of the end of the Congress and no action was taken on it until the next Congress, when it was adopted by a large majority.

This investigation led to a reform in the methods of letting contracts for Government work and reduced, if it did not cure, the gross abuses which had crept in and fastened themselves upon the public service. In this matter, Mr. Sherman was industrious and fearless and his conduct in the investigation was fair and unprejudiced. This may be said to be the beginning of his long and persistent warfare upon abuses and delinquencies in the discharge of public duties. To the end of his career as a public man, no delinquency or abuse of power ever came to his knowledge without being condemned and an attempt made to eradicate it.

## CHAPTER XII.

MR. SHERMAN'S THIRD NOMINATION AND ELECTION TO THE HOUSE.—THE LINCOLN-DOUGLAS DEBATES.—ELECTIONS IN 1858.—CALM BEFORE THE STORM.—THE JOHN BROWN INCIDENT.—THE MEETING OF THE THIRTY-SIXTH CONGRESS.—GROW AND SHERMAN CANDIDATES FOR SPEAKER.—SHERMAN NOMINATED.—THE HELPER BOOK.—THE CONTEST FOR SPEAKER.—MR. SHERMAN WITHDRAWS AS A CANDIDATE.—PENNINGTON ELECTED SPEAKER.—MR. SHERMAN APPOINTED CHAIRMAN OF WAYS AND MEANS COMMITTEE.—THOMAS CORWIN.

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ON THE twenty-ninth of July, 1858, Mr. Sherman was renominated without opposition and, at the October election of that year, was elected a member of the Thirty-sixth Congress by a majority of 2,331 over his Democratic competitor. His majority was some five hundred less than it had been at his prior elections, but this fact afforded no evidence that he was not a stronger man and a more popular candidate than before. The ferment and frenzy induced and excited by the Kansas trouble had somewhat subsided and the stronger partisans were returning to their old allegiance. The district represented by Mr. Sherman having been Democratic, the tendency was naturally to reduce, somewhat, the Republican majority. The Republicans and many Democrats of the district were proud of their representative, he had fairly won their admiration, and the many letters written him after the first session of the Thirty-fourth Congress, by his constituents, urging him to speak, showed by their terms in what high esteem he was held and that his rapid rise and progress were observed and appreciated.

The political discussions of that year were overshadowed by the great debate between Lincoln and Douglas. What-

ever was said elsewhere was better said by these two forensic gladiators, whose intellectual struggle across the State of Illinois was the absorbing spectacle of the campaign.

From the beginning of these debates until the fall of 1859, a very apparent and desirable modification occurred in the public mind. The intensity of feeling which had prevailed as a result of the attempt to extend slavery into the free Territories, and which had been a potent factor in determining the political conduct of men, was gradually relieved by a belief that the danger of slavery extension had been overcome. The marvelous speeches of Lincoln, to a large extent, at least, silenced frenzied declamation, and placed the discussions upon the highest intellectual plane. It was no longer a struggle for a territory, but a struggle for a great and enduring principle of the Constitution.

In the Congressional election of 1858, the Republicans elected a plurality of the House of Representatives of the Thirty-sixth Congress. The House stood 113 Republicans, 93 Democrats, 8 anti-Lecompton Democrats and 23 Americans. The Democratic majority of the Thirty-fifth Congress had been overcome in the House. The persistent attempts of the Administration Democrats to force the Lecompton Constitution upon Kansas had produced a reaction in feeling which manifested itself in the result of these elections. Slavery was hardly touched upon during the last session of the Thirty-fifth Congress. On the first or second day of the session, Senator Hale, of New Hampshire, made reference to that part of the President's Message which contained a reargument of the Kansas question, and later in the session a few speeches, by way of illustration or proof, referred to the Kansas troubles. But, on the whole, the surface indications pointed to a settlement of the question which had so vexed the people and brought the Nation to the verge of a civil war.

But these indications were deceptive. It was the calm before the storm which was gathering in both sections of the Union. The South was quietly but swiftly preparing for

secession while, in the North, poor old John Brown, whose fanatical brain had been jostled out of balance by his personal losses and experiences in Kansas, was preparing an armed foray into the South, with the ultimate object of starting a slave insurrection. On the morning of the sixteenth of October, 1859, the country was startled by the information that John Brown and a few followers had captured the United States Arsenal at Harper's Ferry, Maryland. After a few hours of desultory fighting, in which several were killed on each side, among them a United States Marine, Brown was captured. With an abridgment of proceeding which was unusual in capital cases, John Brown was convicted and, on the second day of December, of the same year, was executed.

This ill-conceived and ill-executed expedition of an irresponsible man was resented in the South with blazing indignation. The Republican party was charged with the responsibility for this plot, the horrors of a servile insurrection were painted in exaggerated colors, and southern newspapers and statesmen exploited this reckless, ridiculous, senseless adventure as certain evidence that their slaves were to be freed by force. On the fifth day of December, 1858, in the midst of this ferment, and three days after John Brown was hung, the Thirty-sixth Congress convened.

There were two Republican candidates for Speaker, Galusha A. Grow and John Sherman. Mr. Grow was Mr. Sherman's senior in service in the House by two terms, but his service, although prominent, had not been as conspicuous nor as important as Mr. Sherman's. It was agreed between them and their friends that both should be presented as candidates, without caucus action, and that the one receiving the larger vote should be the candidate of the Republicans. The first ballot in the House gave Mr. Sherman sixty-six votes and Mr. Grow forty-three. Thereupon, Mr. Grow withdrew and Mr. Sherman became the Republican candidate. Thomas S. Bocock, of Virginia, was the Democratic candidate, at the beginning of the contest, but later on the Democratic vote scattered and many members were voted for.

On the first day of the contest, John B. Clark, a member from Missouri, offered the following Resolution:

WHEREAS, Certain members of this House now in nomination for Speaker, did endorse and recommend the book hereinafter mentioned:

RESOLVED: That the doctrine and sentiments of a certain book called "The Impending Crisis of the South, How to Meet It," purporting to have been written by one Hinton R. Helper, are insurrectionary and hostile to the domestic peace and tranquility of the country, and that no member of this House who has endorsed and recommended it, or the compend from it, is fit to be Speaker of this House."

Mr. Clark spoke for two days upon this resolution. He exhibited a printed list of names (among them was the name of Mr. Sherman) and charged that all the men whose names appeared on the list had endorsed and commended the Helper book. The book had been written by a southern man and was entitled "The Impending Crisis." In substance, it contained a strong indictment against slavery, and the resolution of Clark and the speeches immediately following its introduction, and in support of it, were intended to stir the South to such a pitch that no southern member of the American party would vote for the Republican candidate for Speaker.

It will be remembered that the passage of the Clay Compromise resolutions of 1850 was largely due to the death of President Taylor, and the support given them by the succeeding administration of Fillmore. Thomas Corwin was the Secretary of the Treasury in this administration. Corwin had been an advanced anti-slavery man but, about the time of his entering Fillmore's Cabinet, his opposition to slavery had been modified very materially and from a radical he had changed to a very conservative position. At the opening of the Thirty-sixth Congress, Corwin had been out of public life some years, but he had been elected a member of this Congress. On the third day of the Speakership contest, Corwin undertook the impossible task of soothing the agitated minds of the members by a humorous and eloquent speech. In his time Corwin was the most captivating and effective political orator the country had ever produced. His

speech in opposition to the Mexican War, although a great mistake from a political, and, perhaps, from a patriotic standpoint, was a masterpiece of eloquence. On the stump he had no equal. He was in Congress when South Carolina attempted to nullify the tariff law in 1833. He was in the Senate when Henry Clay introduced the resolutions of 1850. He was a member of the Cabinet when these resolutions passed. His long and honorable public career, his reputation as a matchless orator, his conservatism on the slavery question, and the humor and eloquence of his speech, commanded the attention of the House and tickled its ear, but the storm and fury of speech went on.

S. S. Cox, of Ohio, then rising but not yet risen to prominence, answered Corwin's speech, dealing with the aged statesman's record on the slavery question in a way which must have been somewhat embarrassing to him. On the twenty-third and twenty-fourth of January, Corwin made another long speech which was full of humor and eloquence and in which he pleaded earnestly for the election of a Speaker.

After the debate had run a while, Mr. Sherman made an explanation of his alleged endorsement of the Helper book. It appeared that, sometime during the Thirty-fifth Congress, Hon. E. D. Morgan, a member of that Congress from New York, had requested Mr. Sherman to sign an endorsement of a political pamphlet, which was to be prepared by some committee, from the matter contained in the Helper book, which had been written, as stated, by a southern man. Mr. Sherman had never read the book and gave Mr. Morgan permission to use his name, on condition, however, that the publication contained nothing offensive. This seemed to be the head and front of his offending.

The attack of the southern members upon Mr. Sherman for having commended, in the manner stated, the sentiments of this book, was all pretense. Hundreds of public men, north and south, had expressed the same sentiments without thereby forfeiting their right to hold office or being made

the object of frenzied declamation and held up to the scorn of a section. They charged him with inciting insurrection among the slaves, with the purpose of destroying slavery in the southern States, with indirect complicity with and responsibility for the John Brown raid, and generally with doing that which disturbed the good feeling and concord of the sections.

On the twentieth of January Mr. Sherman made a speech in the House which set forth clearly, fully, and frankly, his whole life, thought and purpose upon the slavery question. It was a calm, dispassionate statement which must have disarmed, as it answered, every opponent who was honest in his opposition. Two paragraphs are as follows:—

"I said when I rose the other day, that my public opinions were on record. I say so now. Gentlemen upon the other side have said that they have examined that record to ascertain what my political opinions were. They will look in vain for anything to incite insurrection, to disturb the peace, to invade the rights of the States, to alienate the North and South from each other, or to loosen the ties of fraternal fellowship by which our people have been and are bound together. I am for the Union and the Constitution, with all the compromises under which it was formed and all the obligations which it imposes. This has always been my position, and these opinions have been avowed by me on this floor, and stand now upon your records. Who has brought anything from that record against me that is worthy of an answer?

"I have never sought to invade the rights of the southern States. I have never sought to trample upon the rights of citizens of the southern States. I have my idea about slavery in the Territories and, at the proper time and in the proper way, I am willing to discuss the question. I have made but one speech on the subject of slavery, and that was in reference to what I regarded as an improper remark made by President Pierce in 1856. I then spread upon the records my opinions on the subject and I have found no man to call them in question. They are the opinions of the body of the Republicans. They are the opinions which I now entertain. Gentlemen are at liberty to discuss these questions as much as they choose, and I will bear my share of the responsibility for entertaining these opinions. But I now speak to my personal record."

Some criticisms had been made upon Mr. Sherman's course in not answering fully, at the first opportunity, as to

his attitude on these questions; but, as he pointed out in the speech he referred to, his public record was almost wholly made up of his four years' service in Congress, and what he had said and done there was a matter of record which could be read by any one who desired to know what his conduct had been and what opinions he had expressed.

But he said that this was not the only or the controlling reason why he had not stated his mind fully at the outset, as to the questions involved. He regarded the resolution as unprecedented, unparliamentary and a menace to him. He proposed that, if the resolution was withdrawn, so that there could be no suggestion of coercion, he would take up the Helper book, paragraph by paragraph, and fully express his sentiments in regard to it. But this was the very thing the southern gentlemen did not want him to do. They were not so wrought up about the endorsement of this unimportant publication as the heat of their declarations portended. Mr. Sherman had been extremely conservative on the slavery question. The southern statesmen knew he had refused his aid or assent to any measure or proposition to abolish slavery in the District of Columbia. They knew that he had stated and reiterated the statement many times that the institution of slavery, as it existed in the South, could not be rightfully interfered with by the National Government, and they therefore knew that he could not have knowingly given his endorsement of the book or assented to its sentiments.

The sixty days during which this contest for the Speakership continued was a period of tremendous political excitement in Congress. The Senate, immediately upon its assembling, began an acrimonious and intemperate discussion of the John Brown incident. For a time, it looked as though the flames of civil war might be kindled in either end of the Capitol. In the midst of this storm, threats and charges were freely made by the southern Members and Senators that the Republican party intended to liberate their slaves and that, before they would submit to any further menace, they would destroy the Union.

From the President would be expected temperate and conciliatory counsel in such a crisis but, true to his southern sentiments, he was first to officially charge to the account of the North responsibility for the John Brown fiasco, and thereby further inflamed and intensified sectional feeling. His message to the Thirty-sixth Congress contained the following:—

"While it is the duty of the President, from time to time, to give to Congress information of the state of the Union, I shall not refer in detail to the recent sad and bloody occurrence at Harper's Ferry. Still, it is proper to observe that these events, however bad and cruel in themselves, derive their chief importance from the apprehension that they are but symptoms of an incurable disease in the public mind, which may break out in still more dangerous outrages and terminate at last in open war by the North to abolish slavery in the South."

The injustice of this inference was demonstrated a few months later and before Buchanan had relinquished the duties of the great office which he had so weakly executed, by the South making war upon the North to destroy the Union.

In another part of this message, the President, in referring to the Dred Scott decision, said:—

"The right has been established of every citizen to take his property of any kind, including slaves, into the common Territories belonging equally to all the States of the confederacy, and to have it protected there, under the Federal Constitution."

With this right established, as the President asserted, by the Supreme Judicial tribunal of the Nation, and that decision sanctioned by the Supreme Executive of the Nation, the South certainly had no reason to complain of the Federal Government.

On the last day of February, Mr. Sherman withdrew as a candidate for Speaker and, on the third or fourth ballot after his withdrawal, William Pennington, of New Jersey, was elected. Mr. Pennington was a Republican. Mr. Sherman was appointed Chairman of the Committee of Ways and Means and, by this appointment, as well as by his commanding

position, he became the Republican leader in the House. His withdrawal from the contest was a sore disappointment to the Republicans of the country; but his defeat, if it could be so designated, made him stronger. His courage in refusing to be dragooned into explanations of things which needed no explanation, and his frank and manly bearing throughout, added greatly to his strength and standing as a public man.

It was fortunate for him that he was not elected Speaker. The chairmanship of the leading committee of the House was a position much more to his taste and afforded much greater opportunity for the development of his career than the speakership. This committee, at that time, prepared all the appropriation bills and then, as now, had jurisdiction of all measures pertaining to the revenues. If Mr. Sherman had been elected Speaker, he would have been entitled to, and perhaps would have sought, a reëlection as Speaker of the Thirty-seventh Congress. In this event, he probably would have declined to stand as a candidate for the Senate and, having passed the opportunity, he might have missed the crowning achievements of his public life.

## CHAPTER XIII.

THE WAYS AND MEANS COMMITTEE.—THE BROOKLYN NAVY YARD.—THE PRESIDENT'S PROTEST.—MR. SHERMAN'S SPEECH.—THE MORRILL TARIFF BILL.—THE BILL SAVED BY MR. SHERMAN.

THE chairmanship of the Ways and Means Committee, during the latter half of the Buchanan administration, was a most difficult position. The revenues were millions under the expenditures, the public debt was increasing, the credit of the Government had been impaired. It was in this condition of affairs that John Sherman, with his colleagues of the committee, undertook to provide ways and furnish means to sustain the Government.

The Ways and Means Committee was composed of exceptionally able and distinguished men. Next to Mr. Sherman was Henry Winter Davis, of Maryland. Mr. Davis was elected to the Thirty-fourth Congress as an American but his sympathies were largely with the Republicans, and he was one of the three members whose votes elected Pennington Speaker. He was the most brilliant orator of his time in Congress. He was erratic in politics but always honest in his beliefs. He did more than any other man to save,—indeed he did save,—Maryland from secession, and yet he did not support Abraham Lincoln in 1864. Next to Mr. Davis was John S. Phelps, of Missouri, an old and experienced member. Next was Thaddeus Stevens, of Pennsylvania. Stevens had been elected to Congress first in 1848, served two terms, then retired for six years and reëntered in the Thirty-sixth Congress. He was one of the greatest, if not the greatest parliamentary debaters of our history. Next was Israel Washburn, Jr., of Maine, John S. Millson, of Virginia, and then Justin S. Mor-

rill, of Vermont, whose continuous service in Congress from 1854 to his death, in 1899, has no parallel. Next came Martin J. Crawford, of Georgia, and Elbridge G. Spaulding, of New York.

The chairman was the youngest man on the committee by some years. We now look upon these great men in the light of their subsequent careers; then, they were the leaders of the House of Representatives, yet John Sherman, at the age of thirty-six, was put at the head of this committee. Not by virtue of age or seniority of service, but by the common consent of his Republican colleagues, as the most competent man for the place. Mr. Sherman had no one great quality, unless it was his indefatigable industry, to distinguish him from and lift him above other men, but he had a combination of qualities which was rare indeed. On this committee there were several men who had single qualities, which excelled any possessed by the chairman. Davis was a greater orator, Stevens a greater debater, Spaulding had more technical knowledge of economic and financial questions, Phelps, Washburn and Millson had much longer and more varied Congressional experience.

The President's message, sent to Congress at the beginning of the Thirty-sixth Congress, contained the following:—

> "It will appear from the report of the Secretary of the Treasury, that it is extremely doubtful, to say the least, whether we shall be able to pass through the present and next fiscal year without providing additional revenue; . . . and without providing for the redemption of any portion of the $20,000,000 of Treasury notes which have been already issued."

The twenty millions of Treasury notes had been issued to tide over a previous year, and from this it appears that the Ways and Means Committee would find difficulties enough in supplying sufficient revenue for the ordinary expenses without attempting to reduce the debt.

On the sixteenth day of February, 1860, Mr. Sherman called up the resolutions reported by the minority of the committee, appointed in the previous Congress, to inquire into

certain alleged abuses in Brooklyn navy yard. It will be remembered that the majority of this select committee had reported at the last session of the Thirty-fifth Congress a series of resolutions condemning the abuses found by the committee to exist, but exonerating the President and Navy Department from any knowledge of the abuses. Neither report had received any action in that Congress. After some debate, these minority resolutions, prepared by Mr. Sherman, were adopted by the House on the thirteenth of June. Their passage drew from the President a long protest. The following is an extract from the protest:—

"The House on a recent occasion have attempted to degrade the President by adopting the resolution of Mr. John Sherman, declaring that he, in conjunction with the Secretary of the Navy, by receiving and considering the party relations of bidders for contracts and the effect of awarding contracts upon pending elections, have set an example dangerous to the public safety and deserve the reproof of the House."

Further along the President says:—

"The absence of all proof to sustain this attempt to degrade the President, whilst it manifested the vemon of the shaft aimed at him, has destroyed the vigor of the blow."

Whatever may be said about the wisdom of attempt to bring personal reproach upon the incumbent of the great office of President of the Republic, unless it be with a view of impeachment, this incident in the life of John Sherman shows that he had the courage to strike at abuses, even though the blow should reach the President himself.

At the same session of Congress, he reported a bill from the Ways and Means Committee, to correct an abuse in the payment of the mileage to the Members. It takes courage of a high order to lead in reform of this character. In these latter days thousands of dollars are paid out annually by the Houses of Congress in obedience to a bad precedent or practice, which no one has the courage to attack. Many offices have salaries, but no duties, and these salaries go on year after year — but the mileage of members is still paid under the

just provisions of the law reported by Mr. Sherman, from the committee in 1860.

To this protest of the President, Mr. Sherman made answer in a speech delivered soon after it was sent to the House. In this speech he defended his course in offering the resolution to investigate, and the course of the House in ordering the investigation, upon the ground that to deprive the House of this power, because perchance it might involve the President, would in effect nullify the constitutional power of impeachment. He asserted that if the House could not search for evidence, it could not present articles of impeachment, nor sustain them if presented. In closing the speech he said:—

"MR. SPEAKER: The doctrine set up by the President of the United States in this message, is the same under which Europe was governed for a thousand years, that the King can do no wrong. That is the doctrine, that the King can do no wrong. Charles I. went to the block because the people of England declared that the King was not above and beyond their power. So it was with Louis XVI. and the French people. This doctrine set up by the President of the UNITED STATES is, in my judgment, the very worst that has been announced since the foundation of this Republic, his conduct not to be inquired into."

On the twelfth day of March, 1860, Mr. Justin S. Morrill, reported from the Ways and Means Committee the "Morrill Tariff Bill." This bill was largely prepared by Mr. Morrill, and was the inauguration of a protective tariff policy in legislation, which, with the exception of one short break, has continued to this day. The bill was carefully considered in the committee and can be said to have met, in the main, the approval and judgment of the Republicans of the Committee of Ways and Means. At that time political parties had not divided with that exactness, upon question relating to the tariff which in later years furnished the sole ground of division between them. As a result of this condition, the bill was so amended by the House that it did not at all meet the approval of the author, Mr. Morrill, in its amended form. One of the chief merits of the bill was its proposal to very largely sub-

stitute specific for *ad valorem* duties. In the tariff law passed by the Thirty-fourth Congress, the duties were almost wholly *ad valorem* and under it, as under any *ad valorem* law, great frauds in undervaluation of imports were practiced upon the government. The law of 1857 was enacted on the last day but one of the Thirty-fourth Congress, at a time when the public revenues were so abundant that no careful inquiry or investigation was made into the subject of revenue, and in the midst of a period of inflated prices. The result was that when prices settled to a normal basis and a period of trade and business depression fell upon the country, the revenues were insufficient for the expenses and borrowing was resorted to. The tariff bill thus reported was intended to meet the need suggested in the message of the President, and also to raise sufficient revenues, and to pay off the twenty million of Treasury notes. It was also drafted to afford protection to American industry.

On the seventh day of May, the House being in Committee of the whole House on the state of the Union for the consideration of the tariff bill, Mr. Sherman made a speech, not so much a tariff speech as a speech showing the need of more revenue and that the bill would produce it. Mr. Sherman had charge of the bill in its passage through the House, and it was owing to his parliamentary skill and knowledge and that it finally passed through the House in the form it did. As before stated, Mr. Morrill was so dissatisfied with the bill, as it had been amended, that he was inclined to abandon it. It was loaded with amendments, and no one could tell with any certainty their effect. At this point, John Sherman suggested the course which, when completed, left the bill in substantially the same form as when it was reported from the committee. It was characterized as a parliamentary trick, but was strictly according to the rules, and demonstrated that the chairman of the Ways and Means Committee was not only a parliamentarian, but that he was also a man of resources.

When the bill was about as spotted as amendments

could make it, Mr. Sherman suggested to Mr. Morrill that he offer an amendment in the nature of a substitute, and to that amendment he would offer as an amendment the original bill, or substantially the original bill. This was done and the effect was that no further amendments could be offered, unless simply to add to, and all that was necessary to carry the original bill was enough votes to pass these amendments. Barksdale, of Mississippi, made a desperate effort to extricate the opponents of the bill from this situation, but the Speaker enforced the rule and, on the tenth day of May, the Morrill Tariff Act passed the House of Representatives. The bill was not acted upon in the Senate until the second session of the Thirty-sixth Congress.

It would be quite natural to expect that, after the bitter fight made on Mr. Sherman for Speaker, he might have difficulty in securing the passage of bills reported from his committee, but such was not the case. When it is remembered that two months of the session were taken up in the Speakership contest and that all the appropriation bills were passed and Congress adjourned on the twenty-fifth of June, it seems that the business of the Ways and Means Committee must have been discharged with exceptional rapidity. At the end of the first session of the Thirty-sixth Congress, Mr. Sherman was appointed chairman of the House Committee to wait on the President and notify him that the House was ready to adjourn unless he had some further communications to make. The discharge of this duty on the part of the chairman was somewhat embarrassing, in view of the fact that upon that same day the President's protest naming the resolution of "Mr. John Sherman" had reached the House.

## CHAPTER XIV.

Democratic Politics.— The Charleston and Baltimore Conventions.— Nominations of Douglas and Breckenridge.— Lincoln's Election.— Buchanan Cabinet Cabal.— The Events of the Winter of '60 and '61.— Mr. Sherman's Philadelphia Letter.— Second Session of Thirty-sixth Congress.—Attitude of Southern Senators and Representatives.— Pendleton's Speech.— Sherman's Reply.— The Public Finances and Credit.— Mr. Sherman's Standing as a Public Man at the Close of the Thirty-sixth Congress.

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Before the adjournment of the first session of the Thirty-sixth Congress the Democratic party was upon the rock which split it in twain. This rock was Douglas's Freeport doctrine, that a territorial legislature by unfriendly legislation could exclude slavery from a Territory. This ingenious doctrine kept Douglas in the Senate but it proved, as Lincoln foresaw, an insuperable barrier between him and the Presidency. The South had forgotten Douglas's invaluable service in the repeal of the Missouri Compromise, it had forgotten his years of devotion to southern interests and institutions, and it was determined now to compel him to retract the Freeport dogma and then prevent his nomination for President as a penalty for his alleged apostasy.

On the second day of February, 1860, Jefferson Davis introduced in the Senate a series of resolutions which were intended as a forecast of the Democratic platform which the South was to insist on for that year. The chief declaration of these resolutions was the unconditional and unequivocal announcement that neither Congress nor a territorial legislature "had any right, either by direct prohibition or unfriendly legislation, to annul or impair the right of a citizen to take

his slave property into the common territories," and that if such right was not granted and protected, then Congress by proper legislation should provide for the deficiency. The Charleston Convention met on the twenty-third of April with the question no nearer a settlement than when Douglas and Davis broke lances over it in the Senate. The southern wing of the Democratic party was determined that this declaration should go into the platform. The northern Democrats, with a few exceptions, were just as determined that Douglas should be nominated and that a platform upon which he could not stand should not be adopted. The platform committee split and the convention itself finally split upon the adoption of the Douglas resolutions, and adjourned to reassemble at Baltimore on the eighteenth of June. Between the adjournment of the Charleston Convention and its reassembling at Baltimore, Douglas and Davis fought the whole ground over again in the Senate. When the convention met at Baltimore, the breach in the Democratic party was beyond repair. On the fifth day of this convention, seven more States seceded, and they, with those which had withdrawn at Charleston, immediately assembled and nominated John C. Breckenridge for President, and Joseph Lane, of Oregon, for Vice-President. After the split, what was left of the original convention nominated Douglas for President.

Outside of Congress and conventions, and during the happening of these momentous political events, the people were engaged in a discussion as intense and interesting. On the evening of the twenty-seventh of February, Abraham Lincoln made his great speech in answer to Douglas, in Cooper Union, New York. On April 30th (and on the same evening the southern States withdrew from the Charleston Convention), John Sherman, in response to an invitation of the Republican Union of New York, made a speech in Cooper Institute. Before the reassembling of the Democratic Convention at Baltimore the Republican party met in convention at Chicago and nominated Lincoln for President. Mr. Sherman made many speeches during the campaign. He stumped Indiana, Dela-

ware, New Jersey and Pennsylvania for Lincoln, and every Congressional district in Ohio. His own election was not in question, so he had ample time to devote to the campaign outside of his district.

As the campaign of 1860 progressed, it became evident that the South would not submit to the election of either Lincoln or Douglas. If either was elected an attempt would be made to dissolve the Union; peaceably, if a separation could be negotiated, but if not, by force, which meant war.

Every statesman of the North who held office appreciated the tremendous responsibility which rested upon him. On the twelfth of September, Mr. Sherman made a most able political speech at Philadelphia, in which he discussed and covered the whole ground of differences between the parties. He pointed out the danger of having the election go to the House of Representatives, in the fevered condition of affairs, and he urged the Pennsylvania Republicans to make every effort to carry their State for Lincoln.

Mr. Lincoln was elected by a majority of fifty-seven in the electoral college, but owing to the number of candidates he failed to secure a majority of the popular vote. With the election of Lincoln, the southern secessionists hurried their preparations for the dissolution of the Union. Buchanan was still dominated by the Cabinet Cabal. His message to Congress was a wail of distress. He declared against the constitutional right of a State to secede, but proclaimed the lack of constitutional power to prevent it. It is questionable whether the President appreciated the position in which he was being placed by the southern members of his Cabinet, but the evidence is strong that, if he did not permit the same, he knew that two or three members of his Cabinet, while still holding positions under the Federal Government, were engaged in personal efforts to incite rebellion. Senator Clingman, of North Carolina, records the following as an interview between himself and Mr. Thompson, Secretary of the Interior:—

"About the middle of December, (1860), I had occasion to see the Secretary of the Interior on some official business. On my entering the

room Mr. Thompson said to me, 'Clingman, I am glad you have called for I intended presently to go up to the Senate to see you. I have been appointed a commissioner by the State of Mississippi to go down to North Carolina to get your State to secede and I wished to talk with you about your legislature before I start down in the morning to Raleigh, and to learn what you think of my chance of success.' I said to him, 'I did not know that you had resigned.' He answered, 'Oh, no, I have not resigned.' 'Then,' I replied, 'I suppose you resign in the morning.' 'No,' he answered, 'I do not intend to resign, for Mr. Buchanan wished us all to hold on and go out with him on the fourth of March.' 'But,' said I, 'does Mr. Buchanan know for what purpose you are going to North Carolina?' 'Certainly,' he said, 'he knows my object.' Being surprised by this statement, I told Mr. Thompson that Mr. Buchanan was probably so much perplexed by his situation that he had not fully considered the matter and that as he was already involved in difficulty, we ought not to add to his burdens; and then suggested to Mr. Thompson that he had better see Mr. Buchanan again and, by way of inducing him to think the matter over, mention what I had been saying to him. Mr. Thompson said 'Well, I can do so, but I think he fully understands it.' In the evening I met Mr. Thompson at a small social party and as soon as I approached him he said, 'I knew I could not be mistaken. I told Mr. Buchanan all you said and he told me that he wished me to go, and hoped I might succeed.' I could not help exclaiming, 'Was there ever before any potentate who sent out his own Cabinet Ministers to incite an insurrection against the Government? The fact that Mr. Thompson did go on the errand, and had a public reception before the legislature, and returned to his position in the cabinet is known, but this incident serves to recall it.'"

The London "Times" thus spoke of the annual message submitted by the President at the beginning of the second session of the Thirty-sixth Congress:—

"Mr. Buchanan's message has been a greater blow to the American people than all the rant of the Georgian Governor or the ordinances of the Charleston Convention."

After having tied the President's hands by his declarations in the message, the southern Members began leaving his cabinet. Howell Cobb, Secretary of the Treasury, resigned on the eighth day of December, and hurried South to aid in overthrowing the Government he had sworn to protect and defend. A few days later Lewis Cass, Secretary of State, resigned because he would not risk the honors of a long and

useful public life by further connection with or responsibility for, the administration of James Buchanan.

The President's mind was evidently distracted with conflicting doubts, but the resignation of Cobb and Cass, with the ominous signs from the South, shocked him into some appreciation of the situation, and, for a brief time, he seemed to feel the enormous responsibility of allowing the Union to be dissolved without an effort to save it. He at least saw, if it were darkly, that he might be held responsible for having contributed to the awful disaster. In this frame of mind he called his cabinet together on the thirteenth of December, and with a show of spirit he asked Floyd if he intended to succor the forts at Charleston. Floyd answered "No!" and followed with an argument that an attempt to send an additional force would precipitate war and the Federal Government would be held the aggressor. He told Floyd that if the forts were taken it would destroy him (the President), and cover his (Floyd's) name with infamy. The President wavered and was lost. Davis, Mason, Hunter and the rest of the traitors still holding high positions in the Government, hurried to the chief Executive and, by arguments and threats, turned him from his purpose to succor the forts and defend the property of the United States.

While these momentous events were swiftly transpiring, about the middle of December, Mr. Sherman was invited to address the citizens of Philadelphia on the twenty-second of the month. He was unable to go, on account of his public duties, but sent a long letter in which he reviewed fully and clearly the posture of affairs. This letter is characterized by too much feeling, perhaps, but it was a most able summing up of the situation, and an unanswerable argument against the wild and utterly unjustifiable course of the South. One of the paragraphs of this letter is an elevated appeal for the preservation of the Government of the fathers, as follows:—

"How can we avert a calamity at which humanity and civilization shudder? I know no way but to cling to the Government framed by our fathers, to administer it in a spirit of kindness, but in all cases with-

out partiality to enforce the law. No State can release us from the duty of obeying the laws. The ordinance or act of a State is no defense for treason, nor does it lessen the moral guilt of that crime. Let us cling to each other in the hope that our differences will pass away, as they often have in times past. For the sake of peace, for the love of civil liberty, for the honor of our name, our race, our religion, let us preserve the Union, loving it better as the clouds grow darker. I am willing to unite with any man, whatever may have been his party relations, whatever may be his views of the existing differences, who is willing to rely on the Constitution, as it is, for his rights, and who is willing to maintain and defend the Union under all circumstances, against all enemies, at home or abroad."

The second session of the Thirty-sixth Congress met on the third day of December, 1860. The departments of the Government were honeycombed with treason, and traitors filled the halls of Congress. Both Houses immediately took steps looking to a settlement of the differences between the sections. The House appointed a committee of thirty-three, with Mr. Corwin, of Ohio, as chairman. The Senate appointed a committee of thirteen, with Senator Powell, of Kentucky, as chairman. A committee of the States was organized, with John Tyler, of Virginia, as chairman. The efforts of all these committees came to naught and for the reason that the southern States, engaged in the secession conspiracy, would not stay in the Union upon any terms which did not amount to a subversion of the Government from its primal purpose. They would stay in, if the Government was prostituted to the ignoble purpose of extending slavery and then to safeguarding it as extended, as one of the cherished institutions of the Republic. Many resolutions were offered by the southern Members and Senators, while still holding their seats in Congress, most of which assumed by their tenor that the Union would be dissolved, and that the dissolution would be permitted or acquiesced in by the Government. Senator Hunter, of Virginia, proposed to recede the Federal property to the seceding States. Senator Davis, of Mississippi, proposed that upon the application of a State the Federal troops should be withdrawn from the forts and arsenals within its boundaries.

The climax of indecent treason was reached when Representative Craige, of North Carolina, on the eleventh day of February, introduced a resolution proposing that the Government should be required to acknowledge the independence of the southern Confederacy, as soon as it was informed officially of its establishment.

On the eighteenth day of January, George H. Pendleton, of Ohio, made a speech in the House upon the state of the Union. It was not only an invitation to allow the South to depart in peace, but a proposal that their departure should be made so agreeable and the farewell should be so tender that they "would be forever touched by the recollection of it." At this day even it is very difficult to justly characterize this utterance, and do justice to the man. It is sufficient to say of all utterances of this kind, if they did not lack patriotic inspiration, they lacked the spirit and courage necessary to cope with a great public danger.

John Sherman, immediately and without preparation, answered this miserable plaint of his colleague, and answered it with a force of language and with a patriotic fervor and spirit that thrills one to this day. He left nothing of the negative justification for secession, that it was not well to inquire into the causes, which moved the South to rebellion, for fear that it might give further offense and widen the breach. John Sherman did nothing by indirection, and he immediately addressed himself to the inquiry as to whether the North had done anything justifying the South in its attempt to destroy the Union. After an argument which will stand as one of the best speeches made during that period, he closed with the following fervid appeal for peace and unity:—

"Now, Mr. Chairman, I have gone over the whole field. I have given my views, speaking for no other man, frankly and fearlessly, and I will stand by them now and in the future. I have given you my opinion upon all of these points. I tell you that this whole controversy was fought and won by us two years ago, and all you have to do now is to admit Kansas. That is the only act of power now needed. There let it stand. Let us live together like a band of brothers. If we can-

not agree with you about slavery, why, you do not agree with us. I know there has been a great deal of intemperance of language on this subject, but I ask that if it has been used upon our side has it not been used upon yours? If there have been harsh and violent words used I have not uttered them that I know of. If I have, I beg every man's pardon, because I think that violent language calculated to stir up excitement and agitation ought not to be used in a deliberative assembly. I ask if you have not sins to repent of, if we have. Let us be at peace. Let us go on with the administration of the Government, kindly, harmoniously, hopefully, trusting in that Providence of Almighty God which has thus far guided and guarded us, until this Nation has become a marvel to the world. Can we not go in the same way in which we have gone on in the past? Why not let the Republican administration be inaugurated in peace and quiet? Try it in the name of God! Are you cowards that you would flee from an apprehension? I know you are not. Stand by the old Ship of State! Give the Republican administration a chance? If it does not do right, you will find thousands, ay, millions, in the northern States who will stand by you. I believe it will do right. Give it a trial. This is all we ask, and what we will demand at all hazards."

During the last session of the Thirty-sixth Congress, the chairman of the Ways and Means Committee was called upon by imperative necessity to provide additional means to pay the debts and the ordinary expenses of the Government. The revenues were insufficient, the public debt had increased nearly fifty million dollars since July first, 1857, and at the beginning of the session there were ten million dollars of appropriations with no money to pay them.

On December tenth, Mr. Sherman reported from the Ways and Means Committee a bill authorizing the issue of ten millions of Treasury notes. This measure was simply a "temporary expedient to provide for the pressing demands upon the Treasury." The bill with some amendments passed and became a law on the seventeenth day of December, 1860. Under its authority the Secretary of the Treasury advertised for bids for the loan. Bids were received for $10,010,000 with interest from six to twelve per cent. and further amounts were bid for at interest ranging from fifteen to thirty-six per cent.

On the second day of January, 1861, Mr. Sherman, as chairman of the Ways and Means Committee, addressed a note to Hon. Philip Francis Thomas, Secretary of the Treasury, in which he asked for information as to the public debt and the condition of the Treasury. Before this note was answered, Secretary Thomas resigned and Hon. John A. Dix was appointed in his stead, and on the eighteenth of January, in a letter addressed to Mr. Sherman, as chairman of the Committee, he set forth fully the condition of the Treasury. The stress of the Treasury is shown in one of the suggestions of the letter of the Secretary. He calls attention to the fact that there were deposited with the States by the National Government over twenty-eight millions of dollars for the repayment of which the States were pledged. The repayment was conditional upon a direction of Congress. The Secretary referring to this deposit, as a financial resource, closes his letter as follows:—

"If, instead of calling for these deposits, it should be deemed advisable to pledge them for the repayment of any money the Government might find it necessary to borrow, a loan contracted in such a security, superadding to the plighted faith of the United States that of the individual States, could hardly fail to be acceptable to capitalists."

On the second of February, Mr. Sherman introduced a bill in the House authorizing a loan of $25,000,000 to pay ordinary expenses and to redeem Treasury notes, the loan to bear interest not to exceed six per cent. and be redeemed in not less than ten nor more than twenty years. At this time it was estimated that it would take at least $25,000,000 to square the deficiencies of the Buchanan administration. The bill passed the House, and in the Senate an amendment was made to it repealing that part of the act of June twenty-third, 1860, which pledged the unsold portion of that loan to the redemption of the Treasury notes authorized in December. When the question of concurrence in this Senate amendment was being considered in the House, Mr. Sherman made a

short speech in which he advised against concurrence and spoke as follows:—

"This administration, in December last, issued $10,000,000 of Treasury notes at twelve per cent. These notes are due next December. For the redemption of these Treasury notes the remaining portion of the loan of June last was specifically pledged. Yet it is now proposed to repeal the loan of June last, an express violation of the law of December last, in pursuance of which the faith of the Government was directly pledged to apply that loan to the redemption of the Treasury notes, leaving no means for the redemption of the Treasury notes of last December. Now that is the condition in which the matter stands. If the amendment of the Senate be concurred in, then, in December next, when the $10,000,000 of Treasury notes become due, there will be no means provided whatever for their retirement. They will go on bearing interest at the rate of twelve per cent., to the disgrace of the Government. No government, indeed no individual, can afford to pay twelve per cent. for any length of time.

"The effect of the course proposed would be to throw the burden of providing the means for the payment of these Treasury notes, when they become due, on the incoming administration."

Later in the speech, he said:—

"Now, Mr. Speaker, I do hope gentlemen on both sides of the House will permit us to make provision for paying the debts of the present administration, and not saddle those debts upon the incoming administration."

In these remarks may be seen a governing characteristic of Mr. Sherman's public, as well as his private life. If debts had to be contracted, he wanted to provide, at the first moment, for their payment. He appreciated the importance of fixing a time and of then providing the means for the payment of debts. And he knew that no course would so certainly lead to extravagance as an indifference as to when and how an obligation was to be met. Early in Mr. Sherman's public career he began to apply to public affairs those simple business rules which made his private life so successful. There was no legerdemain about his statesmanship. He made no pretense to knowledge or methods which were not easily understood by intelligent men. Indeed he was the plainest man

that ever wrought mightily in our affairs of State. At this time, while many other statesmen of his age were furbishing up their speeches preparatory to taking a mighty leap at fame, Mr. Sherman was solving, or attempting to solve, the problem of applying business rules and methods in public affairs.

Notwithstanding the intense feeling and excitement attending this session of Congress, Mr. Sherman, as chairman of the Ways and Means Committee, secured the passage of all the appropriation bills in good season.

Mr. Sherman had been elected a member of the Thirty-seventh Congress but, with the adjournment of the Thirty-sixth, his service in the House ended.

It is not difficult to fix Mr. Sherman's place as a public man at the end of his career in the House, but it would be difficult, in the whole course of our history, to find a man who had grown so rapidly and upon such solid foundation of merit. His House career has no parallel, when the means by which and the manner in which he advanced are considered. The quickest way to public notice is by a humorous or a specially eloquent speech in Congress. If it attracts the attention and secures the commendation of the reporters in the press gallery, thereafter, until the glamour is worn off, or some other star performer shoots above the horizon, the man fills a large space in the public eye and in the public prints. One speech each session is all that is required of an "orator" of the House, and between performances he is given release from all duties except preparation for the next appearance. If John Sherman had been compelled to rise upon these wings he never could have seen the heights of fame. Every House has had its orator and sometimes more than one. Every House has had its humorist, and sometimes two, but their performances usually have been regarded in the nature of recreation, a relaxation from the serious business of legislation; as ornamental or amusing, rather than useful. John Sherman had no humor, and very little of the eloquence of the Congressional orator. His great power in speech was not

in its phrasing or inflection but in its facts and earnestness. He may have been mistaken often, but no one ever doubted his sincerity in speech. He carefully prepared the matter of his speeches, but he never attempted to deliver them with verbal accuracy nor did he ever strain after that effect which is given merely by the arrangement of words. His speech in reply to Pendleton in January, 1861, is the most oratorical of all his speeches in Congress, and this is accounted for in the fact that it was extemporaneous.

On the fourth of March, 1861, at the end of six years' service in the House of Representatives, John Sherman stood without a rival among the younger statesmen of the Nation. At the age of thirty-eight he could be Speaker of the next House of Representatives, or United States Senator to succeed Salmon P. Chase. He had won his position so fairly, he had come to it so arduously, and his career was so void of sham, that envy even did not aim at him.

In some respects John Sherman resembled Lincoln. He had not Lincoln's sentiment, nor his humor, nor his power of analysis and statement, nor his intuitive insight into the weaknesses and strength of men, nor his charity. But in rugged honesty, in the determination to do right as he saw the right, and in his power to lead men, not through their feelings but their intellects, he was as marvelous a character as was Lincoln himself.

It does not require a critical examination into Mr. Sherman's service in the House of Representatives to discern his bent for economic and financial questions. No one in his time made as careful and extended examination into the facts and questions of public receipts and expenditures as he did. He entered Congress at a time opportune for the exercise of his peculiar talent. The administration of Pierce had not been troubled with questions of revenue and expenditure. The revenues were ample. At the beginning of Buchanan's administration, these questions for the first time for some years pressed forward for consideration. In this situation Mr. Sherman was the first member of either House to under-

take a full and reliable statement of the financial condition of the Government. He did this in his speech on the twenty-eighth of May, 1858. During Mr. Sherman's six years in the House he suggested many reforms in the manner and substance of public expenditures, in the methods of legislation, and, above all, insisting upon the most rigid economy in appropriations. He opposed the practice of putting "riders" on appropriation bills; the making of contracts for public works before the authorization of law or the appropriation of the money; the giving away of public lands in bounties instead of giving them to settlers for homesteads; the amendment of appropriation and revenue bills by the Senate, with subject matter that should originate in the House; and many other practices which were detrimental to the correct and orderly method of transacting public business.

His private correspondence at this period shows him to have been not simply nationally known but a thoroughly established and recognized National statesman. From every section of the North he was regarded as one of the great leaders of the new party and the new political faith which had come into power and been established under the leadership of Lincoln. A reference or two to letters received by Mr. Sherman, while yet a member of the House, will verify this point. In January, 1860, a gentleman of prominence and a citizen of Clarksburg, Virginia, wrote him a letter in which he predicted the sure and early downfall of the Republican party and suggested that he (Mr. Sherman) was the right man to lead in a new movement and in the organization of a new party which would sweep the Democratic party out of existence. After an extended argument in which a labored effort was made to persuade him that he should accept the opportunity and that success was certain, the writer exclaimed "Behold now is the accepted time and now is the day of salvation," as though a little scripture might add to the learning if it did not add to the argument of the letter.

On the thirteenth day of July, 1860, in a letter of that

date, Mr. Sherman was requested by a distinguished member of Congress from Pennsylvania and once a candidate for the nomination for governor, to write him a speech or a portion of a speech for the campaign. A portion of the letter is as follows:—

"What I want you to do is to write out and send me, as soon as you can, say the last half of a speech made to fit to part of the speech you made when you were nominated in 1858."

In referring to Mr. Sherman's services in the House, in another portion of the letter, the writer says, in reference to the tariff law and the speech to be prepared, that he wanted to show what the Republican party had done, but "especially to show what you have done and the dates when you got the bill (the Morrill Tariff Bill) through the House, this gives you a good position in Pennsylvania as well as in our party."

February 4th, 1861, Hon. Will Cumback, of Indiana, wrote Mr. Sherman a congratulatory letter in which he predicted a "bright future" for him and praised highly his speech in answer to Pendleton, delivered a few days before the writing of the letter. Mr. Cumback was elected to the Thirty-fourth Congress and took his seat with Mr. Sherman but, after a term or two, was legislated into a Democratic district which was then represented by Wm. S. Holman, whose service in the House, although not continuous, reached almost thirty years. Men from many parts of the country came to consult him about the great affairs of the Nation, bearing letters of introduction from distinguished men of their sections. He was not only invited but pressed to speak in many of the States during the campaigns of 1860 and 1859 and earlier. Indeed, after Wm. H. Seward, John Sherman was the most conspicuous man in Congress in 1859 and 1860. Mr. Sherman was very fortunate in having no patronage to dispense during his service in the House. He escaped the petty troubles and also the political fatalities and dangers incident to the dispensation of offices.

When his party came into power and offices were within his control, he was in the Senate and beyond the reach of disappointed and disgruntled place-hunters. He, of course, had his troubles with the small politicians whose abnormal sensibilities are only exceeded by their normal insignificance, and whose notions of influence and control are out of all proportion to their importance, but his growing fame kept him far in advance of this swarm, so far, indeed, that their sting could not hurt him nor their buzzing much annoy him.

## CHAPTER XV.

SALMON P. CHASE CHOSEN SECRETARY OF THE TREASURY.—MR. SHERMAN A CANDIDATE FOR SENATOR TO SUCCEED MR. CHASE. —HIS ELECTION.—SPECIAL SESSION OF THE SENATE IN 1861.— SPEECHES OF SOUTHERN SENATORS.—THE BEGINNING OF THE WAR.—SENATOR SHERMAN'S FAITH IN THE UNION.—THE FIRST OHIO TROOPS.—THE WAR GOVERNORS.

ON THE thirty-first day of December, 1860, Mr. Lincoln, President-elect, telegraphed Hon. Salmon P. Chase, from Springfield, Illinois, as follows:—

"In these troublous times I would like a conference with you. Please visit me here at once."

Mr. Chase had been elected United States Senator from Ohio for the term of six years and was waiting to take his seat at the beginning of the next Congress. On the third of January Mr. Chase arrived in Springfield in response to the invitation of the President-elect. Mr. Lincoln asked Mr. Chase to accept the position of the Secretary of the Treasury in his cabinet, without, as he expressed it, being "exactly prepared to offer" him the place. Mr. Chase was disinclined to accept the offer. He was elected to the Senate and felt that the duties of Senator would be more agreeable than those of cabinet minister. He left Mr. Lincoln without having determined as to his course. Later, he accepted the Treasury portfolio. At the assembling of the special session of the Senate, Mr. Chase was sworn in as Senator from Ohio and the next day resigned, leaving a vacancy to be filled by the legislature, which was still in session.

Three candidates were presented to the legislature of Ohio by the Republicans for the vacancy. These were Gov. William Dennison, Robert C. Schenck and John Sherman. At the beginning of the contest, Mr. Sherman was really not a candidate. He was not upon the ground, and very reluctantly

permitted the use of his name as a candidate. He was assured of election as Speaker of the House of the Thirty-seventh Congress, and he desired that election as a vindication against the injustice of his defeat for that honor in the previous Congress. After a few ballots and at his request, his name was withdrawn and the field left to his competitors. Mr. Schenck had served six years in the House of Representatives and had been Minister to Brazil. On the score of ability and experience he was especially well equipped for the place. Governor Dennison was a man of moderate ability but of great worth. Mr. Sherman was the logical candidate. He was in fresh touch with all the great questions which had divided the parties and the people preceding the acts of secession, and he had shown exceptional ability in dealing with them. Indeed, just at that time, it would have been difficult to find a man in either branch of Congress who gave promise of more usefulness in legislating for the crisis approaching than John Sherman, and this truth seemed to have impressed the Ohio legislature, for after his withdrawal neither of the other candidates could secure the requisite number of votes. There was further balloting, during which Mr. Sherman remained away from Columbus, but finally, at the urgent request of his friends, he went to the capital and on the first ballot after his arrival he was nominated by the Republican caucus, and in due course was elected Senator. On the twenty-third day of March, 1861, he took the oath of Senator of the United States, and immediately thereafter began that service which ran almost a third of a century.

Following the custom, President Buchanan had called the Senate in extra session to meet on the fourth of March, that it might take action upon such matters as would be presented by the incoming administration. At the beginning of this session, seven of the southern States had already passed ordinances of secession and within their boundaries every fort, arsenal, navy yard, dock, store of supplies and munitions, except at three places, had been seized by the rebellious States. Virginia, North Carolina, Tennessee, and Arkansas were still

in the Union, and their Senators still held their seats in the Senate. Senator Mason, of Virginia, and Senator Wigfall, of Texas (whose State had already seceded), made open defense of the secession of the States, and John C. Breckenridge, of Kentucky, made covert defense. Of the latter's speech, delivered at the extraordinary session, Senator Baker, of Oregon, said:—

"What would have been thought if in another capital, in a yet more martial age, a Senator, with the Roman purple flowing from his shoulders, had risen in his place, surrounded by all the illustrations of Roman glory, and declared that advancing Hannibal was just and that Carthage should be dealt with on terms of peace? What would have been thought if, after the battle of Cannæ, a Senator had denounced every levy of the Roman people, every expenditure of its treasure, every appeal to the old recollections and the old glories? Are not the speeches of the Senator from Kentucky intended for disorganization? Are they not intended to destroy our zeal? Sir, are they not words of brilliant, polished, treason, even in the very capital of the Republic?"

Senator Douglas spoke for the Union and in debate with Breckenridge, covering the whole ground of sectional and party divisions and differences, he added to his high reputation as a parliamentary orator and debater. With this session, closed the public service of Stephen A. Douglas. Whatever faults he had, whatever defects there were in his career, were gloriously retrieved by the patriotic stand which he took for the Nation in the closing days of his life. Mr. Sherman was sworn in, and took his seat in the Senate five days before the adjournment of the extra session. He was greatly stirred by the speeches of these southern Senators, but observing the custom of the Senate, he did not participate in the debates.

The first forty days of President Lincoln's administration were days of doubts and perplexities. The question of succoring Ft. Sumter presented itself first for solution. The border States and especially Virginia, just at the time, were suspended, as it were, between the Union and secession, and this situation greatly embarrassed the already difficult problem. The Cabinet was divided. Seward believed that Virginia

could be saved to the Union and that a precipitation of conflict by attempting to reinforce Sumter would drive her into the Confederacy. General Scott recommended the evacuation of the fort. In the midst of these conflicting opinions the President for some days groped, but always toward the light. In the meantime, the people in the North were restive and dissatisfied. Some believed that by vigorous prosecution the rebellious States could be fought back into the Union in sixty days. Others thought that negotiation and conciliations could heal the breach in a few days. The great majority felt that the President was not attempting either. But in a marvellously short time, considering the importance and difficulty of the question, Mr. Lincoln solved it and solved it for himself. He sent a vessel with a cargo of provisions and notified Governor Pickens that, if he fired on it "he would fire on an unarmed vessel loaded with bread." In anticipation of this succor and on the twelfth day of April, 1861, South Carolina fired upon the flag of the Union. Both sides had prophets who predicted as to the effect of the first blow. Senator Zach. Chandler said that "without a little blood letting the Union would not be worth a rush." A southern man of prominence said that if blood was not sprinkled in the faces of the southern people, they would be back in the Union in thirty days. Both were right. The assault upon the Union flag consolidated sentiment in both sections, and made a terrible war inevitable. The President, the next day after the surrender of Sumter, called for seventy-five thousand soldiers, and soon thereafter called Congress in extraordinary session to convene on the fourth day of July.

Between the adjournment of the special session of the Senate, and the convening of the extra session of Congress was a period of the most acute National distress. The southern people, defiant and demonstrative during the excitement attending the passage of the first ordinances of secession, experienced a reaction in feeling as they approached nearer and nearer the beginning of the conflict. The North waited the first blow, timid and irresolute, but full of latent deter-

mination that the ark and the covenant of liberty and Union should not be lost, if blood and treasure would preserve them. During these days of distress and disaster no one stood firmer than John Sherman, now a Senator of the United States. Whatever of doubt others may have indulged, he never wavered in his belief that whatever of struggle the Nation might have to pass through it would arise stronger and greater. On the day Sumter was fired on, and environed by such scenes of excitement as will never be witnessed again, he wrote his brother, General W. Tecumseh Sherman, a letter in which the following appears:—

"Let me record a prediction. Whatever you may think of the signs of the times, the Government will arise from this strife greater, stronger and more prosperous than ever. It will display energy and military power. The men who have confidence in it and do their full duty by it may reap whatever there is of honor and profit in public life, while those who look on merely as spectators in the storm will fail to discharge the highest duty of a citizen and suffer accordingly in public estimation."

Senator Sherman was not one of those who indulged the delusion that the war would be a contest of a few months and a few thousand men. He believed it would be a dreadful conflict in the mighty throes of which the Nation would struggle for its life. He was not a prophet, but his words were prophecy. "Whatever you may think of the signs of the times, the Government will rise from the strife greater, stronger and more prosperous than ever." It was words like these that cheered the sad heart of the President, and men like these that sustained him. If the Nation should ever erect a monument to the memory of John Sherman, these words should be inscribed upon it.

Without the poetic touch they yet have all the patriotic faith and fervor of these words of Oliver Wendell Holmes:—

"They may fight till the buzzards are gorged with their spoil,
Till the harvest grows black as it rots in the soil,
Till the wolves and the catamounts troop from their caves,
And the shark tracks the pirate, the lord of the waves.

"In vain is the strife, when its fury is past,
Their fortunes must flow in one channel at last,
As the torrents that rush from the mountains of snow,
Roll mingling in peace through the valleys below.

"Our Union is river, lake, ocean and sky,
Man breaks not the medal when God cuts the die,
Though darkened with sulphur, though cloven with steel,
The blue arch will brighten, the waters will heal."

Soon after the call for seventy-five thousand volunteers for three months, Mr. Sherman went from Washington to his home at Mansfield to aid Ohio in filling her quota. Two regiments of Ohio men under the command of Col. A. McD. McCook, and on their way to the Capital, in answer to the call, were held at Philadelphia a few days waiting the opening of the blockade at Baltimore. Mr. Sherman was with these regiments and, while in camp in Fairmount Park, they were visited by the President. One of the companies had been enlisted in a day at Mansfield by General William McLaughlin, an old Mexican War hero. At this time he was sixty years old, and as the President walked down the line he was quick to observe the white haired old man who stood in martial attitude at the head of his company. As the President greeted McLaughlin, he said: "When men of your age and standing come to the rescue of the country, there can be no doubt about our success." At this time Gen. McLaughlin was a prominent lawyer with a good practice and a man of some means. His individual case was nothing, but his patriotism illustrated and exemplified that general feeling of loyalty and willingness to sacrifice, which assured Lincoln that, ultimately, through whatever trial and loss, the Nation would be saved. These Ohio troops were then ordered to Harrisburg and became a part of the army under the command of Gen. Patterson. From this time on, until called to Washington to attend the extra session of Congress, Senator Sherman served as a volunteer aide on the staff of Gen. Patterson.

At this time the Nation was fortunate in the men who

occupied the gubernatorial chairs of the northern States. Wm. Dennison was Governor of Ohio, a firm, dignified, patriotic man who was prompt to place the resources of his great State in support of the President. In 1861 Oliver Perry Morton became Governor of Indiana by the election of Governor Henry S. Lane to the Senate. He was a tower of strength to the Union cause. Brave, patriotic, indefatigable, he was everywhere and at all times a potential force and figure in marshalling the National forces. He created an atmosphere of patriotism in his State in which secession sentiment gradually died. Governor Yates, of Illinois, was prompt in calling the legislature of his State and in securing the passage of acts contributing men and money for the National defense. He gave Grant his first opportunity, and shares in the matchless military glory of Grant's career.

Governor Sprague, of Rhode Island, young, handsome and enthusiastic, led the first regiment of his State to the Capital and received the plaudits of admiring thousands.

Edwin D. Morgan, Governor of New York, was a man of fortune and, through his business connections and influence, aided greatly the financial operations of the Government. Brilliant John A. Andrew was Governor of the Old Bay State, and made an early appeal to the Governors of the loyal States to stand by the Union, and it was the soldiers of his State that shed the first blood in its defense. Curtin, Tod, Brough and Buckingham and the other war Governors of the North rendered invaluable service not only in the organization and equipment of the army, but in inspiring that patriotic public sentiment without which, victory could not have been won.

We were fortunate also in some of the Governors of the border States. Governor Hicks, of Maryland, refused to call the legislature in extra session and thus defeated an ordinance of secession. John Letcher, Governor of Virginia, supported Douglas for President and for a time stood against the secession of his State. Governor McGoffin, of Kentucky, was a rebel at heart but his policy of neutrality embarrassed and harmed the South as much as the North.

## CHAPTER XVI.

EXTRA SESSION OF CONGRESS CALLED BY PRESIDENT LINCOLN.— BUCHANAN AND LINCOLN.— FINANCIAL CONDITIONS.— SECRETARY CHASE'S RECOMMENDATION.— SECESSION OF SOUTHERN STATES.— PUBLIC SENTIMENT.— MR. SHERMAN'S COMMITTEE APPOINTMENTS IN THE SENATE.— FINANCE COMMITTEE.— THE POWELL RESOLUTION.— MR. SHERMAN'S FIRST SPEECH IN THE SENATE.— THE PRESIDENT'S RECOMMENDATION.— SENATOR SHERMAN'S FIRST DAYS IN THE SENATE.

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ON JULY 4th, 1861, the eighty-fifth anniversary of the Nation's independence, the Congress of the United States met in extraordinary session pursuant to the call of President Lincoln. To no body of men, legislative or popular, had ever before been submitted questions of such transcendent importance, and from a wrong solution of which might flow such disastrous results to the human race, as were submitted to the members of this Congress by Abraham Lincoln. The President had said to the men of the South in his inaugural address, "You can have no conflict without being yourselves the aggressors." Less than forty days after this utterance the first blow was struck, and the South was the aggressor. Buchanan was an ultra strict constructionist and he came to the decision that the South had no right to secede because he found no such permission in the Federal Constitution, and following the logic of his peculiar school, he also decided that the Government had no power to prevent secession because he found no such right expressed in the organic law of the nation. Lincoln agreed with the first proposition without accepting his predecessor's reason for it, but he decided that a Government constituted as ours was, must, and did have the general and inherent power to pre-

serve its own existence, and thus believing, he said to Congress in his first message:—

"So viewing the issue, no choice was left but to call out the war power of the Government, and so to resist force employed for its destruction, by force, for its preservation."

The report of the Secretary of the Treasury showed that for the fiscal year ending June 30th, 1862, appropriations to the amount of $318,519,587.87 would be required. The appropriations for the fiscal year ending June 30th, 1861, aggregated $84,577,250.60 The revenues for the same year had been $41,489,604.15, so that the first question which this session of Congress had to consider was a question of means,—how to raise at least seven times as much revenue as had been raised the year before.

The report of the Secretary of the Treasury recommended that $80,000,000 be raised by taxes and $240,000,000 from loans. He proposed that the custom duties should be increased so as to raise $20,000,000 additional, that $20,000,000 be raised by direct taxation on the States and the balance by internal revenue tax. He also proposed a National loan of $100,000,000, to bear interest at 7.3 per cent. and the issuing of Treasury notes to the amount of $50,000,000, to bear 3.65 per cent. interest, and to be in small denominations and payable after one year.

When this extraordinary session of the United States Congress met, a hostile Government had been established at Montgomery, Alabama, and then moved to Richmond, Virginia. The Congress of this hostile Government had already met in extra session upon the call of Jefferson Davis, President, and conferred upon him such absolute power as to the method and substance of prosecuting war, as was never before conferred upon the head of a Constitutional Government, and had adjourned a few days before. The signs of the times were unpropitious. The Ft. Sumter stimulus had somewhat subsided and the North was distracted by divided counsels. There were a large class who, having no just conception of

the dreadful character of the conflict impending, were insistent that the rebels should be licked back into the Union immediately. Another class, perfectly loyal at heart, yet so underestimated the power and resources of the Nation that they were willing to concede anything rather than risk war; then there were the northern rebels and copperheads who, not loyal enough to stand for their Government nor courageous enough to join the Confederacy, were holding secret meetings in many of the States to discourage enlistments, and resist conscriptions. It was a situation which required, to deal successfully with it, courage, confidence, conservatism and charity.

The standing committees of the Senate were appointed on the sixth day of July. Senator Sherman was assigned to the third place on the Finance Committee, and fourth place on the Committee on Naval Affairs. William Pitt Fessenden, who was then in his ninth year's service as Senator from Maine, was chairman of the Finance Committee, and it was at his request that Mr. Sherman was assigned to the place on this important committee. It was a compliment that has been given to but few men in the history of Congress. Mr. Sherman had so distinguished himself, as chairman of the Ways and Means Committee, a committee that then served the same purpose in the House as the Finance Committee did in the Senate, that there was no one in the Senate, nor entering who gave promise of such usefulness and Senator Fessenden, appreciating the difficult duties which his committee would be called on to discharge, decided that the young Senator from Ohio was best equipped for this place. Subsequent events vindicated the wisdom of his judgment, because the burden of solving the great and difficult problems of finance which pressed forward during the days of the war, fell largely upon the chairman, and Senator Sherman. It is no disparagement of the other able members of the majority of the Finance Committee of the Senate to say this. The committee was constituted as follows:—Fessenden, Maine, chairman; Simmons, Rhode Island; Sherman, Ohio; Howe, Wis-

consin; Pearce, Maryland; Bright, Indiana; and McDougall, California.

On the eighth day of July, while the Senate had under consideration a bill relating to the army and navy, Senator Powell, of Kentucky, proposed the following amendment:—

"*And be it further enacted*, that no part of the army or navy of the UNITED STATES shall be employed or used in subjecting or holding as a conquered province any sovereign State, now or lately one, of the UNITED STATES, or in abolishing or interfering with African slavery in any of the States."

In opposition to this amendment, Senator Sherman made his first speech in the Senate. Before this he had offered amendments and some brief remarks in support of the amendments offered, but he had attempted nothing like a speech. This speech is inserted in full because it answered in briefest form and with unanswerable argument the charge that the army and navy were to be used to subjugate the rebellious States and abolish slavery:—

MR. SHERMAN. "Mr. President, the amendment now offered is a very singular one in the Senate of the UNITED STATES. Does the Senator from Kentucky suppose that the army designated by this bill is to be used to subjugate a State? Does he suppose that the army now to be used is for the purpose of freeing slaves? I supposed this kind of argument was not to be used here. I did not suppose that the Senator from Kentucky would for a moment claim, either here or anywhere, that this war was for the purpose of freeing slaves or subjugating States. I do not want to rest under that imputation. I shall vote against the amendment, as a matter of course, because it is out of place, and ought not to be offered here, in my judgment; but I wish it distinctly understood that in voting against it, I do not assent to the proposition, or the imputation, that this is a war for the purpose of subjugating any State, or freeing any slave. If I understand the purpose of this war, it is to maintain the National honor, to defend the National property, to uphold the National flag everywhere, wherever it floats, whether it be in South Carolina, or Florida, or Louisiana; but I say here, as I have said elsewhere, that there is no purpose in conducting this war to subjugate a State, to free a slave, or to interfere with the social or domestic institutions of any State or of any people. The purpose of the war, as I understand it, is to preserve this Union; to maintain the Constitution as

it is in all the clauses, in all its guarantees, without change or limitation.

"I was astonished the other day at the remark made by the honorable Senator from Kentucky, who said here in his place, that the purpose of this war was to overthrow the Constitution; and that the men who were now conducting it had that idea in view, or that that would be the effect of their action; and he also remarked that he was sorry to see that these movements were drifting under the control of the extreme men of the Republican party. Why, Mr. President, I cannot sit here in my place and allow that imputation to be fixed upon my constituents in OHIO, without repelling it. My idea is, that there never has been a proposition to alter the Constitution by the Republican members of the Senate, or of the House of Representatives. We do not propose to do it. I would not change one line, one word, one syllable of the Constitution. I am willing to take it as it was construed by our fathers who framed it, and not change a particle. The only proposed change in the Constitution comes from those men who, when they cannot change it to suit themselves, endeavor to subvert this Government by force.

"But I have said more than I intended; I merely wished to repel the insinuation contained in that amendment, which seems to charge upon the Senators, who vote for this bill the purpose and the intent of using this army to subjugate any State, or to free any slave. That is not, as I understand it, the purpose or object of this war."

A little later in the debate upon this amendment, and on the same day, Senator Sherman defined with clearness his position upon the question. He said:—

"It (the war) is not waged for any such purpose, (viz: to subjugate the States and free the slaves) or with any such view. They have all disclaimed it. Why does the Senator (Powell) insist upon it? I will now say; and the Senator may make the most of it, that rather than see one single foot of this country of ours torn from the National domain by traitors I will myself see slaves set free; but at the same time I utterly disclaim any purpose of the kind."

This was the exact attitude of the Republican party. It was seen by all that slavery could hardly survive the march of armies, but still its abolition was not the primary nor even the ultimate object of the war, although abolition might certainly result. These southern gentlemen, such as Senators Powell and Breckenridge and Saulsbury were aiming to bind

the North in a pledge that even if war was forced upon the North by the slave States and through it the Union was preserved, yet slavery should not be disturbed, or the slaves emancipated.

Mr. Sherman then presented, as an amendment to the amendment of the Senator from Kentucky (Powell), this amendment:—

"That the purposes of the military establishment provided for in this bill are to preserve the Union, to defend the property, and to maintain the constitutional authority of the Government."

This was an ample assurance that the army would not be used for any purpose contrary to, or inconsistent with the purposes set forth in this amendment. Senator Fessenden opposed this amendment as he did all the declarations relating to the subject, upon the ground that no one could justly believe that war would be prosecuted for any purpose other than as defined in the Sherman amendment. At this stage of the discussion Senator Bright, of Indiana, who was afterwards expelled for treasonable utterances, made a short speech in which he attempted to show that there was a triangular sentiment in the Senate, or three parties divided upon the question as to how the emergency should be met. In the first division he placed those whom he called the "extreme wing of the Republican party"; in the second division he placed what he called the "conservatives," and to that division he assigned the Junior Senator from Ohio, and in the third division he placed those who were willing to render "the Government every aid necessary to defend the capital of the United States." This petty, paltry dealing with a great public danger was too much for brave, loyal Zach Chandler, and he immediately answered the Senator from Indiana thus:—

Mr. Chandler. "I think the Senator from Indiana is altogether mistaken. He says there are three parties in this body, and in the country. I deny it, sir. There are but two parties — patriots and traitors; and none others, in this body, or in the country. I care not what proposition may be brought up to save the Union — to preserve

its integrity — patriots will vote for it; and I care not what proposition you bring up to dissolve the Union — to break up this Government — traitors will vote for that; and those are the only two parties there are in the Senate or in the country."

On the twenty-fifth day of July and three days after the first battle of Bull Run, Senator Andrew Johnson, of Tennessee, presented a resolution in the Senate which declared that "the present deplorable Civil War has been forced upon the country by the disunionists of the southern States now in revolt against the Constitutional Government," and recited the purposes for which the war would be waged by the Government. Polk, of Missouri, offered an amendment including the northern States as disunionists. After some debate upon these amendments, Senator John C. Breckenridge of Kentucky, made a speech in which he charged the North with being the aggressor and the cause of the war. Senator Sherman immediately answered him in a speech which left not a shred of the brilliantly and rhetorically expressed treason of the Senator from Kentucky.

A few paragraphs of this speech are inserted to show how vigorously and patriotically the Junior Senator from Ohio combated the propositions of Breckenridge, and that he did not stand to awe of a great name or high political prestige when that name and prestige were used to embarrass the National Government in a crisis involving its very existence. He said:—

Mr Sherman. "Mr. President, the extraordinary remarks made by the Senator from Kentucky, I know, will excuse even the youngest Senator on this floor for saying a few words in reply. The State of Ohio and the State of Kentucky stand side by side. They have always been friends. In the early stages of our history, from the earliest settlements to this hour, they have been friends,—in most cases casting their electoral vote together. But if the Senator from Kentucky speaks the voice of Kentucky, then Kentucky and Ohio will, I fear, be enemies. I feel confident the views now spoken by the Senator from Kentucky do not meet a response from the people of his own State. I feel authorized, from the latest voice heard from Kentucky, to say that he does not speak the sentiments of her patriotic citizens.

"He says that the President of the United States has brought on this war. I ask the honorable Senator from Kentucky who fired upon our flag at Charleston? Was not that an act of war? Would a brave son of Kentucky submit to it without resenting it? Who assaulted our fort at Sumter? Who fired upon one of Kentucky's distinguished citizens, and fired upon him even after he had raised the flag of truce, —fired upon him when the buildings were burning around his head? Was this no act of war? Who stole the mint with the money of your Government at New Orleans? Who captured your army in Texas? Who betrayed his country there? General Twiggs, now made a hero! Who attacked your soldiers on the plains of Texas? Who did act after act of war on this country? Who organized, in plain violation of the Constitution, a new Government, denying the authority of the old, and subverting the old by physical force? And yet nothing is said by the Senator from Kentucky of all this. The distinguished citizen who had the honor of beating him for the highest station before the people of this country, is the man who says he brought all these evils upon us, when, according to my judgment, no other with his authority ever forebore so long.

"The truth is, the people of these States have foreborne with the disunionists of the southern States too much and too long. The honorable Senator says that we refused to grant them terms of compromise. Our fathers, yours and mine, made a compromise that we are now willing to stand upon, and you are not. We do not propose to change the compromise of the Constitution. There is not a line, a syllable, a provision, that we do not now religiously obey; and you have no right to demand any other compromise. The Constitution is the bond of our Union, and it is you who seek to change it by amendments or to subvert it by force. No man from the free States denies its authority or demands its alteration.

"The Senator from Kentucky and the disunionists of the southern States have no right to come to me and say 'you have involved your country in civil war because you would not do as we wanted you to do.' Because we would not change the Constitution, because we would not ingraft new provisions in it that were unknown to it; especially because we will not disregard the popular voice at the last election, we were charged with involving our country in civil war! It is idle to answer this kind of argument.

"Mr. President, the disunionists of the southern States are traitors to their country; they must, and I will repeat they will, be subdued. This war is prosecuted for the purpose of subduing those men, and compelling them to obey the laws, just as you, sir, and I, are bound to do; to make them just such loyal subjects as you and I now are. Because this purpose is announced and declared by the resolution introduced by

the honorable Senator from Tennessee, we are to have clamor about subjugation. I am a subject; you are a subject; there is not a Senator within the sound of my voice who is not a subject. The Lieutenant-General is a subject; the President of the UNITED STATES is a subject, just precisely in the same sense that we intend to make all these people in the southern States subjects to the Constitution. All this claptrap about subjugation, it seems to me, ought to be dismissed from the Senate. These men must be subjugated to obedience to the Constitution; and when that is accomplished, then this resolution declares our purpose to be to give them all the rights conferred upon them by the Constitution, and that the very moment the object is accomplished the war shall cease."

While this debate was going on the demoralized and somewhat shattered army of General McDowell was across the Potomac, reorganizing and reforming.

The President's message recommended the raising of four hundred thousand men and four hundred millions of dollars for the war. On the tenth day of July, Mr. Stevens, chairman of the Committee of Ways and Means, moved that the House resolve itself into the Committee of the Whole on the state of the Union, "to consider and act on the National Loan Bill." This bill authorized the Secretary of the Treasury to borrow on the credit of the United States $250,000,000, in the form of bonds, stock or Treasury notes. General debate was limited to one hour, which was consumed by Vallandingham, of Ohio, in a speech, which, with his subsequent conduct and utterances, inseparably linked his name with infamy and treason. Immediately upon the conclusion of Vallandingham's speech the bill was passed, with only four votes in the negative.

The day after the battle of Bull Run, Congress passed a law authorizing the enlistment of 500,000 volunteers. These measures were passed without serious opposition. The few members and Senators who had the temerity to oppose these acts were so solitary and conspicuous in the disgrace that their conduct helped rather than retarded the preparations for the war. During the consideration of the various appropriation bills in Congress that flood of schemes for looting

the Treasury began which, from the beginning to end of the war, abstracted many millions of dollars from the Treasury. There was no more watchful public servant than Senator Sherman. None of these schemes, if he knew it, ever got by him unchallenged. At this session he was not only the youngest man in the Senate, but he was only a few days upon his service as Senator and must be modest. Notwithstanding this he began early the effort to call attention to appropriations and propositions and items which bore marks of suspicion. In a navy bill there was a proposition to buy a vessel of some one for $800,000. Mr. Sherman objected, and made some remarks showing the non-wisdom of entering upon the purchase of vessels without any evidence as to value, or any regulations to govern such a course if it was entered upon as it would likely be if this precedent was set. The project was defeated by a vote of twenty-three to sixteen. A few days later, while a naval appropriation bill was up, Mr. Sherman challenged an item of $30,000 to purchase a patent signal for vessels. He argued that a general appropriation bill was no place for such purchase, and pointed out the danger if Congress entered upon the practice of purchasing right and left by authority or direction of an appropriation bill. A woman seemed to own this patent, and that fact may have had some influence on the result. The motion to strike it out was lost by a vote of twenty-two to twenty-one. These matters of themselves are trifling, but they and others of like character or brought forward with a like purpose, were the beginnings of a raid upon the Treasury, which continued throughout the war, and Senator Sherman's opposition to them illustrates his natural disposition against extravagant, wasteful and unjust appropriations of public moneys. He also knew the value, in results, of orderly methods of legislation — in conforming strictly to the rules which had been adopted and which experience had shown to conduce to the wise, diligent and honest discharge of legislative business. On the eleventh day of his service in the Senate a bill of the Military Committee authorizing the enlistment of

five hundred thousand men and appropriating five hundred million dollars was under consideration. Mr. Sherman moved to strike out the appropriation of money upon the ground that it was better practice to have appropriations originate in the House, and, for the further reason that appropriations should be made in "specific sums for specific purposes," and that the appropriation of a gross sum for purposes varied and uncertain would lead to abuses. The amendment prevailed. On the thirteenth day of his service in the Senate, while the Volunteer Bill was under consideration, Mr. Sherman opposed the increase of army chaplains to the extent proposed in the bill and pointed out that it would entail an expense of $900,000 annually. On the eighteenth day of his service in the Senate he carried through an amendment to the Army Bill which prevented a permanent increase in certain officers of the army, which increase was unnecessary, and saved the Government a large amount in pay and allowances.

The recommendations of the Secretary of the Treasury, as to increase of revenues were carried out at this session. Additional custom duties were levied, internal revenue taxes increased, a direct tax of $20,000,000, on the States was provided for and an income tax of three per cent. on all annual incomes exceeding eight hundred dollars was passed.

Congress having passed all acts which seemed necessary to enable the President to vigorously prosecute the war until the regular session, this extraordinary session of the Thirty-seventh Congress adjourned *sine die*.

Mr. Morrill, in a letter congratulating Mr. Sherman on his election to the Senate, had lamented that his removal from the House had left it a little short of material for leaders, and predicting that he would not find that opportunity for distinction and usefulness in the Senate which he was leaving in the House. But this brief session demonstrated that John Sherman could and would be a leader in any body of men. At this time the Senate, as a body averaged high in ability and in its membership there were many men who stood in the first rank of American statesmen. Of it Mr. Blaine said:

"The Senate presented an imposing array of talent, statesmanship and character." Mr. Sherman's colleague was Benjamin F. Wade. On the fourth of March, 1861, he had completed ten years of service in the Senate. He was a man of great ability and courage and was chairman of the Committee on Territories—a chairmanship distinguished by Stephen A. Douglas. On the Republican side of the Senate, were such men as Fessenden, Sumner, Collamer, Hale, Wilson and Trumbull, but even this brilliant galaxy of great men did not foreclose opportunity for John Sherman, nor eclipse his light.

At this extra session of Congress no attempt was made to legislate upon the currency. Indeed no attempt was made to inaugurate a system as to the revenues and expenditures of the Government. The consensus of opinion was that the war would not last long and but few realized the enormous strain the Treasury would be subjected to, nor the demoralization of the currency which was to follow. So no effort was made at this session to discount the evils of the future.

Immediately upon the adjournment of Congress, Secretary Chase started to New York to negotiate the loan authorized by the loan law. He called a meeting of the leading bankers of New York, Philadelphia and Boston, and through an organization or association formed by the banks of these cities, an arrangement was agreed upon by which the banks were to take the bonds or Treasury notes and advance money to the Government, as it might be needed. During the summer $150,000,000 of the loan, in installments of $50,000,000, was taken up by the banks. But soon after the assembling of the second session of the Thirty-seventh Congress in December, the large issue of Treasury notes payable on demand constrained the banks to suspend specie payment. The suspension of specie payments by the Government followed, and two days after a bill was introduced in the House providing for Treasury notes payable on demand, and making them a legal tender in payment of debts.

## CHAPTER XVII.

CIVIL WAR. — SHERMAN BRIGADE. — SENATOR SHERMAN DISPOSED TO RESIGN TO ENTER THE ARMY. — THE BRIGADE'S WAR RECORD.

CIVIL WAR, with all the horrors of fratricidal conflict, had really come upon the Nation. After the battle of Bull Run no one expected peace without further effusion of blood, but the vision of few reached far enough to see the farther edge of that flood of death which in its ebb and flow was to swallow up more than five hundred thousand men. On the sixth day of August, 1861, the extra session of Congress adjourned amidst conditions of quiet and suspense, the Members went home to a people patriotic and determined, yet standing aghast at the certainty of a struggle which they had hoped might pass by. It was a period of waiting: —

> "All is deep silence, like the fearful calm
> That slumbers in the storms portentous pause;
> Save when the frantic wail of widowed love
> Comes shuddering on the blast, or the faint moan
> With which some soul bursts from the frame of clay
> Wrapt round its struggling powers."

When Congress adjourned, Senator Sherman immediately went to his home at Mansfield and began preparations for enlisting a brigade of soldiers to be tendered to the President. He applied to Governor Dennison for the necessary authority, but was persuaded by the Governor to defer the enlistment for a time for fear it might interfere with or embarrass the enlistments then in progress. Although everything was being done that seemed practicable and expedient by the Federal and State Governments to enlist and organize

the volunteers called for, yet Senator Sherman felt that the matter was proceeding slowly and that if an individual effort on his part would facilitate enlistments it was his duty to make it. He therefore wrote to the Secretary of War under date of September 24th asking "for an order granting me leave to recruit and organize, in this part of Ohio, a brigade of two regiments of infantry, one squadron of cavalry and two companies of artillery." In the letter he says:—"I wish no rank, pay or expenses for myself, and I will act freely without compensation." Again he says:—"I will only ask of the Department the usual rations, pay and armament and equipments for the men; I ask nothing for myself, will undertake upon my individual responsibility to purchase any of them desired, receiving in return Government securities therefor."

When we study this proposition a little it brings out in strong colors the patriotism and generosity of Senator Sherman. It will be remembered that the Government at this time was having a most difficult and embarrassing experience in obtaining money—the bonds would not sell unless largely discounted—it was only by the assistance afforded by the associated bankers that the securities could be disposed of at all—the attempt to float a popular loan had failed and yet it was at this dark and discouraging juncture that this great and patriotic man proposed to the Government that he would enlist, organize, equip and feed a brigade of soldiers and accept reimbursement of the cost in these doubtful securities.

It is well in this connection to notice another sacrifice which Senator Sherman was willing and anxious to make for the Nation. At about this time, he made up his mind that he could serve the country better in the army than in civil life. He proposed to resign his seat in the Senate and accept a commission in the army. There are few examples like this of unselfish devotion to country in the history of any Nation. It can well be believed that Senator Sherman was an ambitious man. He was looking toward that summit "from which fame's proud temple shines afar." He had

just been elected to a full term in the Senate. And yet he was ready to put aside the certainty of a great civil career for the uncertain fame of military service, simply because he was persuaded that he could serve his country better in the latter field.

Quite recently some distinguished writers in reviewing Mr. Sherman's public career have discovered in it a too eager desire for office — a too persistent personal struggle for place — too much of the politician mixed with his concededly great qualities as a statesman, he was too ambitious, says these distinguished writers. "I thrice presented him a kingly crown which he did thrice refuse," has stood for twenty centuries as proof that Ceasar was not ambitious, though honorable men said he was. The readiness of Senator Sherman to resign the Senatorship to serve his country better in the field ' doth not seem ambitious."

On the twenty-eighth of September Senator Sherman prepared and distributed through the press and mails the following circular letter: —

"TO THE YOUNG MEN OF OHIO."

"I am authorized by the Governor of Ohio to raise at once two regiments of infantry and a battery of artillery, and a squadron of cavalry.

"I am also authorized to recommend one lieutenant for each company, who shall at once receive their commission and be furnished with proper facilities for enlisting. I am now ready to receive applications for such appointments, accompanied with evidence of good habits and character, the age of applicant, and his fitness and ability to recruit a company.

"Major Wm. McLaughlin will command the squadron of cavalry.

"The company officers will be designated by the soldiers of each company, subject to the approval of the Governor.

"The field officers are not yet designated but shall be men of experience, and, if possible, men of military education.

"The soldiers shall have, without diminution, all they are entitled to by law.

"Danger is imminent. Promptness is indispensable. Let the people of Ohio now repay the debt which their fathers incurred to the gal-

lant people of Kentucky for the defense of Ohio against the British and Indians. They now appeal to us for help against an invasion more unjustifiable and barbarous.

"Letters can be addressed to me, marked "Free," at Mansfield, Ohio.

"JOHN SHERMAN."

"MANSFIELD, OHIO, *September 28th, 1861.*"

The response to this call was prompt and satisfactory. In a short time a camp was established at Mansfield, Ohio, and a brigade of two regiments of infantry, the Sixty-fourth and Sixty-fifth Ohio Volunteers, McLaughlin's squadron of cavalry and the Sixth Ohio Battery of Artillery enlisted. The organization was named after the Senator and throughout the war and since it has been popularly known as "The Sherman Brigade." Mr. Sherman had arranged with Governor Dennison that each company should elect its own officers, and this was supplemented by an arrangement with certain men to be designated as recruiting officers that recruiting a certain number of soldiers should entitle them to election as captains, lieutenants and down to the lowest officers of the companies. The regimental officers were to be experienced or trained soldiers, if such could be obtained. Mr. Sherman was determined that this brigade should not be sent into battle until it had been drilled and had become familiar with military discipline. To carry out this purpose he applied to the War Department at Washington for some regular army officers to drill and fit the brigade for service. No response was made to his application, so he went to Washington and made his appeal in person. At this time General Scott was still dreaming of his "Anaconda plan." His main reliance was upon the regular army. It was to be filled up and enlarged and made the iron backbone of the military organization. He did not think it wise to spare regular army officers to drill and discipline raw volunteers. He therefore refused to detail the officers.

Senator Sherman then applied to the President who granted the order, directing the Secretary of War to detail certain officers of the regular army for service in Ohio. One

of these was Charles G. Harker, who was killed at Kenesaw Mountain while leading the Sixty-fifth in battle. The brigade was mustered into service by the fourteenth of December, 1861. The Sixty-fourth and Sixty-fifth Regiments became a part of the Twentieth Brigade under command of Brig.-General James A. Garfield, and was in battle first on the sixth and seventh of April, at Shiloh. The brigade was broken and the squadron and battery assigned to different organizations. The squadron was under fire first at Middle Creek, Kentucky, and the battery at Mill Springs. After the separation, the cavalry and the regiments of infantry were never together again during the war, but the battery and the Sixty-fourth and Sixty-fifth Regiments were in action together at Dallas, Kenesaw Mountain, Atlanta, Franklin and Nashville. The soldiers of the Sherman Brigade were enlisted for three years, but many of them veteraned and served throughout the war. The whole Brigade rendered faithful and valuable service. The regiments of infantry were in nearly all the great battles of the West. They fought gallantly at Shiloh, the first great battle of the western army, and at Nashville, the last great battle of that army. If John Sherman had contributed nothing to the success of the Civil War, but to organize this splendid Brigade of Ohio soldiers he would have been entitled to the gratitude of the Nation.

## CHAPTER XVIII.

First Regular Session of the Thirty-seventh Congress.— The Financial Condition.— Report of Secretary of the Treasury.— Currency Plans.— Greenbacks and National Bank Notes.— Legal Tender.— Senator Sherman Defends Legal Tender Clause Against the Opposition of Senator Fessenden, Chairman of Finance Committee.— National Bank Act.— Tax on State Bank Money.— Senator Sherman's Speech on National Bank Bill.

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When the first regular session of the Thirty-seventh Congress met on the second day of December, 1861, the Treasury was in a bad way for money and many doubted if the credit of the Government would stand the tremendous strain to which it must be subjected if the war was prosecuted with that vigor and upon that scale necessary to success. When this session assembled, the bankers of the great cities were considering the question of suspending specie payments. They had requested Secretary Chase to stop the issuing of Treasury notes and rely upon loans which they agreed to negotiate or take and advance the money. But whatever may be said as to the wisdom of the Secretary in continuing to issue Treasury notes, it was clear that the associated banks upon the plan under which they had taken $150,000,000 would not be able to furnish the vasts amounts which would be required, nor dispose of bonds in sufficient quantities to meet the needs of the Treasury. Under the Sub-treasury Act the Government could not receive anything but coin from banks or individuals — the operation of this regulation had drained the banks of about one-half their stock of gold in supplying the $150,000,000, and to save the balance they were about to suspend specie pay-

ments. It was a very grave situation which confronted the country and Congress. The circulation of the State banks in the loyal States amounted to about $150,000,000. If specie payments were suspended and the gold all withdrawn from circulation, as it would be, the question was, where would the money come from with which to make the exchanges and carry on the great operations of the Government? There were fifty or sixty millions of Treasury notes outstanding which were being used as money, but there was no law by which these notes could be reissued whenever they were redeemed and as a result they were certain to be paid and cancelled in a short time.

The Secretary of the Treasury, in his annual report, recommended two currency plans: The first was a currency of UNITED STATES notes payable in coin on demand in such amount as would supply a sufficient money circulation. The second was the National bank currency. The successful inauguration of either plan the Secretary suggested, depended upon the gradual retirement or absorption of the issues of the State banks.

The recommendations of the Secretary may have been intended as mere suggestions, leaving to Congress the details, but they lacked the essentials of practical plans. The National currency plan did not provide for payments in anything but coin, nor for making the notes legal-tender for payment of debts, nor for their reissue when paid into the Treasury or redeemed. The plan for a National bank currency could not be put in operation for a considerable time, and in the meantime there would be a ruinous contraction of the currency, and so the Secretary remarked in his report "that it would not be passed and made available quick enough to meet the crisis then pressing upon the Government for money to sustain the army and navy."

Early in the session, Hon. E. G. Spaulding, of New York, introduced a bill in the House providing for an issue of a hundred million dollars of circulating notes by corporations and associations and fifty millions of Treasury notes to be

issued by the UNITED STATES. These latter notes were to be a legal-tender for all the debts public and private and receivable for and in payment of all public dues, debts and demands. The Treasury note provisions were separated from the National bank features of the bill, and on the thirtieth day of December, 1861, introduced as a separate measure and referred to the Committee of Ways and Means. The committee divided upon the proposition to make the notes legal-tender. After some discussion Mr. Stratton, of New Jersey, voted for the bill in the committee in order that it might be reported to the House. The condition of the finances at this time may be learned from a letter written by Mr. Spaulding in answer to the many criticisms of the measure which were circulated through the newspapers and otherwise. He said:—

"We will be out of means to pay the daily expenses in about thirty days and the committee do not see any other way to get along till we can get the tax bills ready, except to issue, temporarily Treasury notes. We must have at least $100,000,000 during the next three months, or the Government must stop payment. With the navy, and an army of 700,000 men in the field, we cannot say that we will not pay."

The legal-tender Government note was almost universally regarded as a matter of necessity, and not of choice.

After several days delay the bill was finally made a special order and upon the day fixed was taken up in the Committee of the Whole for consideration. Mr. Spaulding, the author of the measure, made an able and exhaustive speech in which he set forth clearly the condition of the Treasury, the imperative necessity for immediate relief and the merits of the proposition embodied in the bill. Three members of the Ways and Means Committee were strongly against the bill. Mr. Morrill, of Vermont, was the ablest and most influential of its opponents. On February 4th, 1862, he made a speech in opposition, the opening paragraph of which is indicative of the ground upon which he placed his objections. The paragraph is as follows:—

MR. MORRILL, OF VERMONT: "Mr. Chairman, engaged as I have been upon matters of at least equal importance, I have not had the time to prepare any elaborate speech, but the subject of issuing $150,000,000 of paper currency and making it a legal-tender by the Government at a single bound — the precursor I fear, of a prolific brood of promises no one of which is to be redeemed in the Constitutional standard of this country — could not but arrest my attention and, having strong convictions of the impolicy of the measure, I should feel that I had utterly failed to discharge my duty if I did not attempt to find a stronger prop for our country to lean upón than this bill, — a measure not blessed by one sound precedent and damned by all."

Roscoe Conkling argued ably against the legal-tender clause upon constitutional and monetary grounds. It was doubtful whether the bill would pass. Secretary Chase was known to be against the inauguration of any monetary policy which might inflict the country with an irredeemable paper currency, and he was suspected of holding the legal-tender feature of the measure unconstitutional. But at almost the last moment, and as a last resort, he wrote a letter to Mr. Spaulding in which the Secretary declared, not very clearly however, his support of the bill upon constitutional as well as upon the other grounds. Years after, as Chief-Justice of the Supreme Court of the United States, Mr. Chase held the legal-tender law unconstitutional. The bill passed the House on the sixth day of February, by a vote of ninety-three to fifty-nine.

On the tenth day of February, the bill was reported from the Finance Committee of the Senate with a number of important amendments. The sixth amendment provided that the legal-tender notes should be receivable for all the claims and demands against the UNITED STATES, except interest on bonds and notes which should be paid in coin.

The ninth amendment provided that the bonds authorized by the bill should be redeemable in five years at the option of the Government and payable in twenty years.

The fifteenth amendment authorized the Secretary of the Treasury to sell bonds at the market value for coin or Treasury notes.

The eighteenth amendment allowed the sub-treasuries to receive deposits to the amount of $25,000,000. for which the Government could pay five per cent. interest for a period of not less than thirty days.

The nineteenth amendment required all duties and imports and proceeds from sales of public lands should be set apart as a fund to pay the coin interest on the bonds.

Senator Fessenden, chairman of the Finance Committee, made a lengthy explanation of the bill and the proposed amendments, but he opposed the legal-tender feature of the measure. He said that it was a confession of National bankruptcy — an admission that the credit of the Government was not sufficient to raise money — that it encouraged bad morals in that it compelled one man to take from another in payment of a debt that which he would not receive, and which was not full payment.

He was followed by Senator Collamer, of Vermont, one of the ablest constitutional lawyers in the Senate, in an elaborate argument against the constitutionality of the legal-tender clause of the bill.

On February thirteenth, the next day after the speech of the Senator from Vermont, Mr. Sherman replied to the argument of the chairman of the committee and to Mr. Collamer, in a most able and exhaustive speech. This measure was one of the most, if not the most, important measure of the war, and yet it fell to the Senator from Ohio, who had then served but little more than three months in the Senate, to defend its most vital part against his committee chief and the great Vermont lawyer. In one of his impassioned periods he exclaimed "if you strike out this legal-tender clause you do it with the knowledge that these notes will fall dead upon the money market of the world."

While Senator Sherman gave his whole heart in support of this legal-tender law he was as much opposed to a paper currency unless readily redeemable in coin, as was Secretary Chase, or any hard money man of the time. In this speech he said: —

"It is easy to criticise this bill. I dislike to vote for it. I prefer gold to paper money, but there is no other resort. We must have money, or a fractured Government. If Senators can show me how money can be raised except in the way proposed, I will join them in denouncing paper money. I listened with great attention to the remarks made by the Senator from Vermont, but when he got through I should have been glad to have him inform me, if we cannot issue these demand notes, what shall we do? Shall we surrender the Government; shall we refuse to pay our soldiers and our contractors? No, Mr. President, you have agreed to pay your debts in money. The chairman of the committee on finance gave us a very handsome lecture, a very able discourse upon the importance of preserving the public faith; and he desired to impress upon us—he did impress upon me—the necessity of not affecting the obligation of contracts. Did the Senator overlook the first contract, the contract between the Government and the Soldier, the Government and the Men who feed and cloth your armies."

He then proceeded to show that this was the first great obligation to be discharged in money, and then he inquired: "How can you do it? I have shown you that you cannot do it in gold. I have shown that you ought not to do it in the inflated paper money of the country; how else can you do it? There is no other way except to issue to your creditor the note of the United States, in such form, with such sanctions, as will enable him to use it as money."

Mr. Sherman opposed the amendment permitting deposits in the sub-treasuries to the amount of $25,000,000. He opposed it on the ground that it was making the Government a bank of deposit and requiring it to pay interest upon money that might be called for on ten days' notice—in effect a call loan. The amendment was adopted and the bill as amended passed the Senate. The House non-concurred in a number of the Senate amendments and the bill went to a conference. The Senate conferees were Fessenden, Sherman and Carlile, and those of the House, Stevens, Horton and Sedgwick. The principle change made in the bill by the conference was in those provisions which required the customs duties and the interest on the bonds to be paid in coin.

Time has very largely, if not altogether, vindicated the

statesmanship of the first legal-tender act. When the bill was under consideration in Congress, necessity was the chief and with many the only ground, upon which its passage was urged and justified. Thaddeus Stevens, in the opening words of his speech closing the debate in the House, said: "Mr. Chairman, this bill is a measure of necessity, not of choice." The wisdom or folly of the legal-tender act as a monetary measure depended upon the subsequent events. If the act had fastened upon the country permanently a depreciated and irredeemable paper currency, the act would have been folly as a monetary measure. If it had led to a prostitution of the public mind to an extent that would have led to a system of fiat money, it would have been folly; if it had led to a breach of the public faith plighted in the promise to redeem the notes in coin, it would have been worse than folly and no danger would have justified the National dishonor. But years after, when the stress of the war was passed, when many of its wounds had been healed, when much of its waste had been repaired, when the unwholesome exhilaration of subsequent issues had subsided under the depressing influences of a panic, along a slow, steep, stony road, John Sherman led the Nation back to the solid ground of the fathers and crowned its pledge with the golden glory of fulfillment.

The vice of the greenbacks was in their over issue. If the amount had been limited to the first act or second even, their issue would have been regarded generally as beneficent, but the great error was in not relying more upon the sale of bonds and less upon the issue of Treasury notes. The currency became redundant, and prices rose abnormally. The further the Government traveled away from an ability to redeem its notes on demand in coin the longer and the harder the road back to a sound monetary system. The State banks of issue took up the greenbacks, put their own depreciated and irredeemable notes in their place, and converted the greenbacks into interest bearing bonds. But whatever errors were made were excusable. When the war

came our statesmen were not financiers. There had been no school in American public life for training financiers during that generation. But notwithstanding we rode the storm. The first break came in the legal-tender act. Senator Sherman, in his "Recollections" says:—

"But from the passage of the legal-tender act, by which means were provided for utilizing the wealth of the country in the suppression of the rebellion, the tide of war turned in our favor. . . . The legal-tender act, with its provisions for coin receipts to pay interest on bonds, whatever may be said to the contrary by theorists, was the only measure that could have enabled the Government to carry on successfully the vast operations of the war."

A little more than a month before the passage of the first legal-tender law the London "Post" spoke of us thus:—

"The monetary intelligence from America is of the most important kind. National bankruptcy is not an agreeable prospect, but it is the only one presented by the existing state of American finance. What a strange tale does not the history of the United States for the last twelve months unfold? What a striking moral does it not point? Never before was the world dazzled by a career of more reckless extravagance. Never before did a flourishing and prosperous State make such gigantic strides towards effecting its own ruin."

And thus did our brethren across the sea cheer and encourage us.

As has been suggested more bonds might have been sold and fewer Treasury notes issued, but it is less difficult to see after the fact than before. Eminent men in public and private life criticised the Secretary of the Treasury for not paying when he had no money to pay with and opposed the only feasible plan to procure the money. The wisdom of such critics was correctly characterized by a grave and reverend Senator in a quotation from that great aquatic poet who turned into immortal verse the sage advice an old mother gave to her daughter, that if she went swimming, she should hang her clothes on a hickory limb, but in no case should she go near the water.

The war had been going against us. Neither side had had any experience in warfare of any magnitude, and the chance or accident of battle favored the Confederates,—that was all,—but it engendered a spirit of discontent and dissatisfaction in the North. When the first regular session of the Thirty-seventh Congress met it was in the midst of discouragement, if not of doubt. Bull Run, although a drawn battle was reckoned a defeat because the undrilled and unmilitary and unorganized Federal forces did not drive the rebels back into Richmond for the amusement of the statesmen who rode gaily out to see it done. The Ball's Bluff disaster rankled in the minds of the people, not only as a blunder, but as a species of legalized murder of our soldiers. Hon. Roscoe Conkling likened the battle to the "Charge-of-the-Six-Hundred," and recited the following verse with great effect in a speech in the House:—

"Cannon to the right of them,
Cannon to the left of them,
Cannon in front of them,
Volleyed and Thundered."
"Some one has blundered."

And he added "Desperate stubbornness and heroic courage served only to gild with tints of glory the bloody picture of their fate."

Congress was investigating to learn who was to blame. A committee of unmilitary gentlemen was appointed to sit upon and judge the conduct of another lot of unmilitary gentlemen. The legal-tender act cleared the atmosphere, and pointed the way to the means for crushing the rebellion. Soon after this Grant's brilliant star began to shine in the west. The capture of Forts Henry and Donaldson followed close, and brought cheer and hope.

In June, 1862, at the request of the Secretary of the Treasury, Congress authorized the issue of $150,000,000 more Treasury notes with the same limitations and conditions as the former issue. In his annual report of the ninth of December,

1861, Secretary Chase had recommended the imposition of a tax upon the issue of State banks. He pointed out the dangers of currency system depending for its soundness upon the varying laws of thirty-four States, and the character of some sixteen hundred private corporations, and proposed a National currency composed of Treasury notes redeemable in coin, and the notes of National Bank Associations secured by the deposit of the bonds of the Government.

In January, 1863, Senator Sherman introduced a bill in the Senate to carry out the recommendation of the Secretary, as to a tax upon State bank money. It provided a tax of two per cent. per annum upon all State bank issues, and a tax of ten per cent. upon all fractional currency under one dollar issued by corporations or individuals. On the twenty-sixth of January he introduced a bill providing for a National bank currency secured by a pledge of United States stocks. On January eighth he made a long and very able speech in support of the tax on State bank issues, and on February 9th he spoke exhaustively for the National Bank Bill.

These two measures constituted the second step of the plan to establish a National currency. The Treasury notes redeemable in coin, when the Government was able, was the first step — that had been taken. Most serious obstacles appeared in the way of the second step. The situation was about as follows: The State banks of the New England States were under better and safer regulation than the banks of the west. The money of the eastern banks had been kept at par by an association of these banks in the nature of a clearing-house established in one of the Boston banks. The issue of each bank belonging to the association had to be cleared through this Boston bank. The result of this was good money and a disinclination to disturb or destroy the system. Most of the New England Senators were opposed to the proposed tax on State bank issues and to the establishment of a National bank system.

Senator Fessenden, the chairman of the Senate Finance Committee, was opposed to the tax. Senator Collamer, of Ver-

mont, was against the tax and against the bill to authorize National banks. In this situation the burden of defending the propositions in the Senate fell upon Senator Sherman.

About this time another difficulty was encountered. The appreciation of coin, or the depreciation rather of the Treasury notes had driven out of circulation the silver change and left the country without a circulating medium to perform the small exchanges of business. An effort was made several times to authorize the issue of Treasury notes of denominations under five dollars. To supply the vacuum, corporations, firms, individuals and public officers issued trade checks, or notes for small amounts which circulated as money. This led to the authorization by Congress of the fractional currency and to the proposition to impose a tax upon such issue.

Mr. Sherman's speech of January 9th, 1863, in support of his bill to tax State bank issue covered the whole ground of State bank money, and he discussed the question upon constitutional as well as upon grounds of expediency. He pointed out with clearness the distinction between the ordinary process of banking and the issuing of bank bills. He showed that the weakest banks, as a rule, issued the most bills and the strongest the least number. That the right to issue money was a special privilege giving the banks of issue the right to circulate their notes without paying any stamp tax such as the notes of individuals or companies were required to bear in order to give them validity, and avoid a violation of the stamp law. He showed that owing to the great variety and diversity of State regulations there was no sure and certain redemption nor way to prevent over issues and consequent depreciation. He contended that State bank money was a violation of the provision of the Federal Constitution prohibiting States to "emit bills of credit." However far the winds and waves of war might drive us on the treacherous sea of depreciated paper money, Senator Sherman never ceased for a moment to look toward an early return to the harbor of safety; he was always full of determination to seek it at the first

practical moment. In this speech delivered early in 1863, he announced his position. He said:—

"Therefore, I think wisely, the sub-treasury system was adopted, and gold and silver coin was made the only National currency. I believe that is the true policy. If peace were restored to this country, we ought as soon as possible to go back to the basis of gold and silver coin, but, in the meantime, we must meet the exigencies of the hour. Paper money is now a necessity."

On the second day of February, 1863, Mr. Sherman, for the Finance Committee, reported to the Senate S. B. No. 486, the National Bank Bill, and asked for its consideration the following Wednesday, February 4th, which was agreed to. On Wednesday, on Mr. Sherman's motion the bill was postponed until Monday. On Monday, Mr. Sherman called up the bill, and Senator Gerrett Davis, of Kentucky, requested that the bill be laid aside temporarily until a bill from the Naval Committee could be passed. Mr. Sherman refused this request on the ground that the measure proposed to be taken up would provoke debate and delay consideration of the Bank Bill. Thereupon Senator Davis moved the postponement of the Bank Bill, and upon a yea and nay vote the motion was lost by a vote of twenty yeas to twenty-one nays. This vote illustrates how closely the Senate was divided upon this question.

On Monday, February 9th, the bill was taken up and considered during the most of the day. Senator Sherman had charge of the bill and proposed a number of committee amendments, most of which were agreed to. Toward the close of the day's session Senator Powell, of Kentucky, who was opposed to the measure in any form, and apparently to any other measure which might contribute to a vigorous prosecution of the war, proposed an amendment to the bill requiring each bank to keep in its vaults at least twenty-five per cent. in gold or silver coin of the amount of its issue of bills. The purpose of this amendment was simply to embarrass the bill, as it was clear that no bank could command

or would command that amount of coin, and would therefore refuse to organize under such conditions. In opposition to this amendment Mr. Sherman made a brief speech in which he pointed out the ample security which the note holder would have for the redemption of his note, under the security provided by the bill and the impossibility of the banks procuring gold or silver to hold as required by the amendment. In these remarks he not only exposed the purpose of the Senator from Kentucky, but he indulged in prophecy. He said:—

"None of the banks of the United States now pay gold and silver, nor can they; it is impossible; and therefore, the amendment was moved, I think, not with much expectation that it would prevail, but to enable the Senator to announce as his opinion that the money of the United States, the notes issued by this Government are worthless trash, unconstitutional and unlawful, and that therefore all the banks which might be founded upon it would be unlawful. Sir, the very moment this war is over; the very moment our credit is good; the very moment the bonds of the United States are worth above par, that moment all these banks will be specie paying banks."

On the next day, February 10th, Mr. Sherman made a long speech in support of the bill. He said he had hoped that the measure might pass without the labor of an elaborate argument in its favor, but it seemed necessary. He said that it had always been a difficult problem of war to maintain the Government's credit and yet procure the very large sums indispensable to its prosecution. "We have but four expedients," said he, "from which to choose: First, to repeal the Sub-treasury Act and use the paper of local banks as currency; secondly, to increase largely the issue of United States notes; thirdly, to organize a system of National banking; or fourthly to sell bonds of the United States in the open market."

The first expedient he said was not to be thought of. The Government could not receive and use the paper of local banks. That such step would stimulate further over issues of that sort of paper,—paper which was not and would never be redeemed in coin. He advised against the further issue of

United States notes, and sounded the warning that further issue of large amounts would increase the premium on gold, depreciate those already issued, abnormally increase prices and lead to dangerous speculation and overtrading. He showed that every issue, owing to the depreciation, bought less of the materials necessary to prosecute the war and yet some day each note at whatever it was sold, or however small the amount it purchased, would have to be redeemed at par in coin. As between more Treasury notes and National bank notes he was decidedly for the latter. He called attention to the fact that bonds of the Government already issued at six per cent. interest, or a higher rate and that the bonds provided to secure the National bank currency were four per cent. bonds, thus saving to the Treasury a large amount in yearly interest. He said he was not discouraged about the National debt. He showed that by a proper sinking fund, such a one as he had proposed in another bill, would, in the life time of an individual pay a debt of $2,000,000,000. In this connection he said:—

"I know that many are disposed to take a gloomy view of our financial condition. I do not. Every Nation has encountered the same difficulty, which is now presented to us. Indeed, no Nation in the world has the spirit that ours has evinced in this war. Sir, I am not discouraged by our difficulties. We are surrounded by them. Every individual, in the course of his life time is surrounded by them. If he, with unmanly fear, gives way, he is submerged; but if he meets the difficulties boldly, and faces them honestly, he will come out in the end. So with this country. We have the wealth, we have the resources, we have the physical power. All we want is the wisdom to guide our counsels and courage and energy to lead our soldiers."

Of course no one claimed originality for the National Banking Act at this time. A similar system of issuing and securing bank issues had been in operation for years in New York, and other provisions had been tried in several of the States. Aside from its great merits in supplying a truly National currency, the feature creating a market for the Government bonds was ingenious and greatly needed and beneficial at the par-

ticular time. Senator Sherman's argument had the merit of presenting every conceivable argument in favor of the measure in most forcible and appropriate terms, and in answering every objection to it with patience and courtesy. His speech was really a great one and upon a new problem. If he succeeded in carrying the measure through it would probably prevent the further issue of United States notes, a thing greatly to be desired. It would remove from the Government a portion of the burden of maintaining the currency and place it upon banking associations. These banks, when converted from purely local or State institutions into National institutions, would create or contribute to a National sentiment which was greatly needed. It would create a new demand for bonds.

Senator Collamer, of Vermont, made a lengthy speech in opposition to the bill. He praised the State banks and predicted disorder and disaster if they were suddenly wound up to give place to the National banks. Mr. Sherman replied to this speech, and after some desultory discussion on the part of several Senators the bill passed the Senate by a vote of twenty-two to twenty. The bill passed the House January 20th by a vote of seventy-nine to sixty-five, and became a law by the signature of President Lincoln.

The authors of the "Life of Lincoln," Nicolay and Hay, write of Mr. Sherman's part in the passage of the National Banking Act, as follows:—

> "It was most efficiently advocated by John Sherman, of Ohio, to whom was reserved a part of great honor and usefulness in bringing to a close the financial history of the war."

The wisdom of this measure has been amply vindicated. Within a little more than a year after its enactment the act was revised in Congress and upon its final passage, every New England Senator, including Senator Collamer, who had been the ablest and strongest opponent of the system, voted for it.

Honest, but mistaken financiers have argued against the

National banking system, dishonest demagogues have railed at it, misguided parties have denounced it, but after nearly forty years of trial it stands firm and strong. Secretary Chase is entitled to the credit of having first officially suggested the system, Representative E. G. Spaulding, is entitled to the credit of having first put the suggestion into practical form, but to John Sherman belongs the credit of having skillfully piloted the bill through the Senate, against powerful opposition and thus insured its enactment into law. For three years, bank circulation was divided between the issue of State banks and National banks, but in 1866 a tax of ten per cent. was levied on State bank money which caused its retirement and left the field clear for National bank notes. Recently high authority has recommended the repeal of this tax with a view to inaugurating a system of bank currency based upon assets. There is much to be said in favor of such a system, but it will hardly be adopted while any vivid recollection of the old State bank money remains.

## CHAPTER XIX.

General Sherman.— His Attitude at the Beginning of the War.— Senator Sherman's Advice to His Brother.— His Work and Standing in the Thirty-seventh Congress.— Confiscation.— Status of Rebel States.— Emancipation.— Sherman's Position.— Battle of Shiloh.— Sherman's Defense of Ohio Soldiers.— Garfield's Eulogy.

No inconsiderable part of Senator Sherman's contribution to the successful prosecution of the war was the wise and conservative advice which he gave to his brother, William T. Sherman, and the aid rendered him in entering the service at the right time and in the right position. General Sherman was somewhat erratic and intensely impatient with the politicians. He correctly diagnosed the early stages of the military operations, the early failures and their effect on the men held responsible for their failures, but he needed the strong, steady, far-seeing judgment of the Senator to repress his impatience, to soften his strictures upon public men and public acts, and his influence to enlist political influences in his behalf at the opportune time. After the firing on Sumter and while the high officials at Washington were hurriedly looking about and taking an inventory of the military ability and experience which could be secured, it was suggested that General Sherman be given some position in the War Department where his experience as a soldier could be utilized. In a letter dated April 12, 1861, the Senator wrote his brother, in part as follows:—

"There is an earnest desire that you go into the War Department but I said this was impossible. Chase is especially desirous that you accept, saying that you would be virtually Secretary of War and could easily

step into any military position that offers. It is well for you to seriously consider your conclusion, although my opinion is that you ought not to accept. You ought to hold yourself in reserve. If troops are called for, as they surely will be in a few days, organize a regiment or brigade, either in St. Louis or Ohio, and you will then get into the army in such a way as to secure promotion."

His counsel was sound. Had General Sherman taken a civil position in the War Department, it would have been conspicuous and one of influence and would have involved him in the responsibility for the early failures and, in all probability, ended him before his career had begun. He saw the point and answered: "The time will come in this country when professional knowledge will be appreciated, when men that can be trusted will be wanted, and I will bide my time. I may miss the chance; if so, all right; but I cannot and will not mix myself in the present call. The first movements of the Government will fail and the leaders will be cast aside. A second and third set will rise, and among them I may be, but at present, I will not volunteer as a soldier or anything else." He did not believe the three months' troops would render any valuable service owing to the short time for which they were enlisted, and he was disinclined to go where no good could be done and perhaps great responsibilities assumed.

On May 14th, William T. Sherman was appointed Colonel of the Thirteenth Regular Infantry, and accepted. He commanded a brigade at the first battle of Bull Run and made a strenuous effort to reform some of the Union forces as they were straggling from the field. A few days after the battle and while Sherman's Brigade was at Fort Corcoran, a discontent appeared among the soldiers owing to the fact that the time of many of them had expired, or was about to expire, and they were anxious to get home. One of the incidents of this period brings out strongly the firmness of the Sherman character. In the Sixty-ninth New York, one of the regiments of General Sherman's Brigade, there was a captain who was a lawyer and a man of some prominence. His time was out and although it had been decided by the proper authority

that soldiers could not leave the service in the face of the enemy, he was determined to pack up and go back to his law practice.

He met the General one day, a day or two after Bull Run and at a time when an attack was expected from the rebels, and said: "Colonel, I am going to New York to-day. What can I do for you?" The General replied, "How can you go to New York? I do not remember having signed a leave for you." He said he didn't need a leave, that his time was out, that the Government would not pay, and that he had lost enough already and so on for quantity. This conversation occurred in the presence of soldiers, and would have demoralized the army if the spirit had not been crushed early and promptly. General Sherman knew how to deal with it, and he said to the lawyer-Captain: "Captain, this question of your term of service has been submitted to the rightful authority, and the decision has been published in orders. You are a soldier, and you must submit to orders until you are properly discharged. If you attempt to leave without orders, it will be mutiny, and I will shoot you like a dog." This settled the question of the duty of the soldiers, officers or men, to remain while confronted by the enemy.

A day or two after, President Lincoln visited Sherman's camp, and while addressing the soldiers from his carriage this Captain made complaint to the President of the General's threat to shoot him. The officer forced his way through the crowd surrounding the President's carriage and, at a favorable opportunity, he said: "Mr. President, I have a cause of grievance. This morning I went to speak to Colonel Sherman and he threatened to shoot me." "Threatened to shoot you!" exclaimed the President. "Yes, sir, he threatened to shoot me." The President looked at the Captain and then at the Colonel, then leaning forward out of the carriage toward the Captain, as if he desired his communication to be private and confidential he said in a stage whisper "well, if I were you, and he threatened to shoot, I would not trust him,

for I believe he would do it." At this the men all laughed, and the Captain's case was closed.

It is no disparagement to the able Senators with whom Mr. Sherman served in the Senate, in the Thirty-seventh Congress, in the formulation and passage of the many important measures of that Congress, to say that he devoted more time and study to them and that he brought, to the solution of the difficult problems and questions, of that time, a more practical mind and understanding than any of his colleagues. He had a taste for financial and economic questions, and a natural ability for details. He was much younger than any of the Senators upon the Finance Committee, and had the advantage of the strength and enthusiasm of youth. At the beginning of this Congress, Senator Sherman was just past thirty-eight. Senator Fessenden, the chairman of the committee, was a number of years older, not in very firm health, and he did not possess the patience and natural aptitude for dry details so abundantly possessed by his younger colleague. No one ever possessed the confidence of the Senate more fully or deserved it more absolutely than William Pitt Fessenden, but the natural conditions enumerated threw upon the Senator from Ohio a large share of the hard work of the committee, and it was discharged with such signal ability and fidelity as to bring out conspicuously his fitness for the leadership which came to him so early, and which he held unchallenged through so many years of Senatorial service.

Of course the great problem in the Thirty-seventh Congress was the raising of the vast sum necessary to feed the hungry maw of war. Secretary Chase believed that the generation living at the time of the conflict should not bear more than the ordinary expenses of the Government, the interest on the debt being created, and sufficient contributed to a sinking fund to pay a reasonable portion of the principal of the debt each year. The balance was to be bequeathed to succeeding generations. As a proposition of equitable distribution of burdens this was sound, but the operations of the war were so tremendous and the consumption of money was

so enormous that all rules were set aside and the only question was, where and how and when can we draw from the people and their property and business enough money to save the country. The practical question was, how can we exact this money and still not confiscate property by the operation of tax laws, nor ruin the business of the people. Owing to the disturbance of and danger to foreign commerce, the amount received from the tariff laws was disappointing. We were relegated, so far as taxation was relied upon, very largely to internal revenue taxes,—including taxes upon incomes, professions and avocations. The first attempts to raise money from this source were experiments. Internal revenue tax laws had not existed for years, and the conditions had so changed and become so diversified that the experience of the past was of little advantage.

During the last three years of the war, much of the time of Congress was given to amending and perfecting the internal revenue laws. The first law brought in some $37,000,000, the last one some $310,000,000, and this great amount was borne by the people without much complaint. In this legislation Mr. Sherman took a leading part, not only in the Finance Committee, but in the Senate. The pages of the "Congressional Globe" for the Thirty-seventh Congress give ample evidence of his activity, his ability and the leading part he took in the formulation and enactment of these measures.

But Senator Sherman, however able he was in dealing with financial and economic questions, was not a specialist. He had all the knowledge of the specialist upon these subjects, but he did not confine himself to them. There was no question of importance affecting the progress of the war before the Senate that he was not heard upon, and which he did not have much to do in passing, if meritorious and in defeating if not meritorious. Early in 1862, several bills were introduced in Congress to abolish slavery in the District of Columbia, and at the same time a number of bills were pending for the abolition of slavery in the States in

rebellion. These measures varied greatly. Some provided for gradual emancipation, some for immediate,—some with compensation and others without compensation to the owners. On the second day of April, 1862, Mr. Sherman presented, at length, his views upon the propositions embodied in these bills.

He took occasion, in this speech, to utter some eloquent and encouraging sentiments, touching the Government's manner and spirit in conducting the war and in dealing with the rebellious States. It was necessary, occasionally, to clear the atmosphere of false and discouraging impressions, with which it would become charged by the constant and persistent clamors made against the administration. It was speeches like this one of Senator Sherman's that swept aside the accumulated pretenses of the enemies of the Government, and brought the true conditions fairly before the people.

In opening this speech he referred to his early position upon the question of emancipation in the District, — that he never doubted of the power of Congress, but as a question of policy and politics he had believed that slavery should not be disturbed then. He showed how the conditions had changed, — how it was evident that in some form or another slavery must go with the victory of the North, and that the best place to make a start upon the course, which sooner or later must be entered upon, was in the District of Columbia, where Congress had the clearest power to emancipate.

In commenting upon the conservative and humane course of the Government toward the Confederates he uttered the following eloquent protest:—

"Why sir, contrast the conduct of our Government in this war with the barbarity shown by the rebels. Think of the scenes that have occurred in this war, — of skulls taken as drinking cups, carrying us, back to the barbaric ages. Think of the burning of the beautiful village of Guyondotte and the murder of its citizens, women as well as men. Think of the injuries done in the State of Kentucky by the hordes that have overrun that State, under Hindman and Buckner and others burning and ravaging. Sir, contrast the conduct of these rebel authorities seeking the overthrow of our Government with the con-

duct of this Government stretching forth its hand with mighty power and yet as gently and mildly as any Government, ever conducted war, always with marked respect to the peculiar institutions of every community in which its armies march, everywhere respecting the local laws and ever carrying the local law into other States."

Senator Sumner had introduced a series of resolutions, the underlying fact of which was the declaration that the rebellious States were out of the Union, that the constitutional guarantees no longer bound us in dealing with them; and containing the proposal that these States should be organized and governed as foreign provinces. At this time the Massachusetts Senator was chairman of the Committee on Foreign Affairs, he had served ten or twelve years in the Senate and occupied a position of influence. But the Senator from Ohio, seeing great danger in the propositions embodied in these resolutions, if they should be adopted by the Republican party, took the opportunity of assailing them in this speech, notwithstanding the eminent position occupied by their author. He said:—

"I, therefore, cannot help but say that, while I respect the motives of the Honorable Senator from Massachusetts, while I give him credit for consistency, ability and a good deal of culture, and am always glad to hear him speak, yet I must confess, that when I looked over his resolutions, they struck me with surprise and regret. They would revolutionize this Government. Sir, strike the States out of this system of government, and your Government is lost and gone. I cannot conceive of the United States governing colonies and provinces containing millions upon millions of people, white and black. I do not think such a thing can exist. I do not believe it is in the power of secession to bring us to that state of things. I can draw no distinction between the resolutions of the Senator from Massachusetts and the doctrines that are proclaimed by Jefferson Davis. If the people of a State can secede, the people of the State can make a new Government. If the people of South Carolina are firm and united in their policy, which no man doubts, if they have power to secede, they have seceded and their doctrine is true. But I do not believe they have the power to secede. They may go into banishment, wander all over the face of the earth, but they cannot take with them a single foot of soil of this country, over which our flag ever floated. The doctrine of the Senator from Massachusetts is substantially an ac-

knowledgment of the right of secession, of the right to secede. He, however, puts the States in the condition of abject Territories to be governed by Congress. Jefferson Davis puts it in the power of the people of the States to govern the States themselves. As to which is the most dangerous or obnoxious doctrine, I leave every man to determine."

Mr. Sherman's claim that a State could never be out of the Union was the true one, and the one adopted later in reconstruction. His opinion as to the right of the Nation to govern territory as provinces, or people as subjects never changed. When the Spanish-American War resulted in the acquisition of foreign territory, he was as firmly and as decidedly against its government as colonies or provinces as he was when that manner of government was proposed for the rebellious States in 1862.

In the conclusion of this speech on emancipation, Mr. Sherman expressed his willingness to support any measure, cooperate in any plan that would reach the desired end,—the emancipation of the slaves of the persons, or in the States engaged in rebellion. He said:—

"I am willing, therefore, to adopt the policy of the President in regard to slavery in the States, to abolish slavery in this District, to promote a system of voluntary colonization. I am in favor of confiscation; I think such measure should be passed promptly. We must seize the property of these men who have taken up arms against the Government. Our people, when they come to pay taxes, will demand it."

This law was passed April 10th.

During the month of April, 1862, a bill was under consideration in the Senate to confiscate the property of the rebels. It was broad in its terms,—so broad that it covered the property of many individuals who may never have aided or sympathized with the rebellion in any way whatever, but whose location or residence might bring them within its penalty. Confiscation laws were unknown to American history,—confiscation was a well established right in time of war, but in practice the people were unfamiliar with its exercise.

The bill in its original form was strongly opposed. All those who believed that the war should be fought with squirt guns charged with rose water were against it. Those who genuinely wanted to save the Union, but did not want any serious or permanent injury done the rebels, opposed it. There was another class, those who were fearful that a resort to harsh measures might make the South mad, were against it. Senator Gerrett Davis, of Kentucky, made a long speech in opposition to the law. All the border State Senators were against it either out of personal sympathy with some who might suffer the penalties or because they honestly believed an extreme measure might unfavorably affect their States, or because they were only formally in favor of the North.

Senator Sherman, always alert to discover the weakness of a bill and ready to make it stronger and better, if he could, proposed an amendment which relieved the bill of the imputation that it was harsh and inflicted its penalties upon good and bad alike, and still left the measure so broad and at the same time so definite that it reached as far, perhaps, as it would have in its original form, and at the same time expressly applied to a class of persons it should and was designed to reach. His amendment limited the measure to officers of the Confederate Government,—to persons holding places either civil or military, and persons who should give aid and comfort to the enemy, and owned property in the loyal States. The amendment was adopted and the law passed as amended. During the pendency of this amendment, Mr. Sherman made a speech in which he showed the extent to which the Confederate Government had gone in confiscating the property, the debts, the rights of action of every northern man in the South, and he declared that it was the duty of Congress to immediately enact a practical law of confiscation against the enemy. He said that in view of the fact that the rebels had seized all the property of loyal citizens within their reach, it was no time to discuss constitutional quibbles about "due process of law." After the Confiscation Bill had been considered a number of days in the Senate, it, with all

bills upon that subject and all amendments adopted and proposed, were referred to a select committee of nine with Senator Clark as chairman. A substitute was reported by this select committee, and after being amended was passed June 30th, 1862.

The battle of Pittsburgh Landing was fought on the sixth, seventh, and eighth days of April, 1862. The report of General Sherman and many newspapers contained imputations against the courage of some Ohio regiments in this battle. On the ninth day of May, after sufficient time had elapsed to secure reliable information of the actual occurrences of that bloody contest, Senator Sherman took the matter up in the Senate and made an able and exhaustive defense of the Ohio soldiers. This speech evidences the marvelous industry of the man. The Senators and Members of this session, the second of the Thirty-seventh Congress, had been occupied constantly in the laborious preparation and consideration of the great measures of the war, — measures relating to revenue, taxes, bonds, currency, banks, appropriations, emancipation, confiscation, enlistments, — and yet Senator Sherman found time to prepare this defense of the soldiers of his State. He did not stop at Shiloh, but went farther and showed that Ohio soldiers had acquitted themselves well and behaved gallantly in all the battles in which they had been engaged.

One of the interesting incidents of this speech was his putting in parallel columns the report of his brother, William T. Sherman, and the report of Col. Hildebrand, of the Seventy-seventh Regiment, to show that the General had been too severe in his censure of a regiment which had lost 221 in killed, and wounded and missing in the battle.

A reference to the "Congressional Globe" for the Thirty-seventh Congress will show what a deep and distinct impress Senator Sherman made upon the legislation of that important period. There was not a subject before the Senate of importance that he did not illumine with his knowledge and intelligence, and there was not a measure relating to finance, banking, currency, tax or appropriations that he did

not take a leading, and in many of them the leading part, in the discussion. The following synopsis of his work, in open sessions of the Senate in this Congress, gives some idea of the scope and character of Senator Sherman's labors,—he introduced a number of important bills and resolutions,—he made speeches and remarks on the conduct of the war, on the bill increasing the number of cadets, on the bill amending the Judicial system, on duties on tea, coffee and sugar, on the bill relating to Congress, on the purchase of vessels for the Government, on the gunboat bill, on the bill relating to sutlers, on the bill relating to criminal jurisdiction in the District of Columbia, on the diplomatic bill, on secret sessions, on the bill relating to railroad and telegraph lines, on the bill to define the pay of army officers, on the civil bill, on the fortifications bill, on the Treasury note bill, on the army appropriation bill, on the loyalty of Benjamin Stark, a Senator from Oregon, on the medical department of the army, on the legislative bill, on the bill to encourage enlistments, on La Nada land grants, on the purchase of coin, on the organization of the army corps, on the post-office appropriation bill, in providing compensation for district attorneys, on emancipation, on naval appropriations bill, on the bill to abolish slavery in the District of Columbia, on the confiscation bill, on the Indian appropriation bill, relating to rebel prisoners at Camp Chase, Ohio, on joint resolution relating to many contracts, on battle of Pittsburgh Landing, on Washington and Georgetown railway bill, on the volunteer deficiency bill, on expulsion of Senator Stark, on the collection of taxes on the insurrectionary States, on the bill to punish treason, on the Pacific railroad bill, on the tax bill, on the Agricultural College bill, on the bill for additional volunteers, on the bill to prevent fraud in contracts, on the volunteers bounty bill, on the bill establishing certain post-roads, on confiscation bill No. 471, on bill to establish certain arsenals, on the bill defining a constitutional quorum, on the army appropriation bill No. 450, on the bill of equalizing the grades of navy officers, on the Treasury note bill No. 187,

on the bill to establish provisional governments, on the tariff bill, on the bill to amend the militia act, on the bill relating to the confinement of soldiers, on discharge of State prisoners, on the Kentucky volunteers bill, explanatory of confiscation bill, on the arrest of citizens of Delaware, on the bill for the relief of Charles Anderson, on the bill relating to Indian hostilities in Minnesota, on the Court of Claims bill, on the bill to increase the force in the Quartermaster-General's department, on the bill to indemnify the President, on the Missouri emancipation bill, on the militia bill, on the bill for the relief of Stephen Johnson's heirs, on the currency bill, on the Ways and Means bill, on the bill concerning letters of marque, on the conscription, on the bills to organize and promote the efficiency of the engineer corps, on the revenue bill, on the Tennessee election bill, and many other remarks personal and explanatory. An examination of this list of subjects will prove that but little legislation was passed or considered in the Senate that did not receive the impress of his intelligent and forceful will.

In 1880 General Garfield said of this man:—

"You ask for his monument. I point you to twenty-five years of National Statutes. Not one great beneficent law has been placed on our statute books without his intelligent and powerful aid."

## CHAPTER XX.

CONGRESSIONAL ELECTIONS OF 1862.— VALLANDINGHAM DEFEATED. — OHIO ELECTIONS OF 1863.— VALLANDINGHAM ARRESTED.— NOMINATED FOR GOVERNOR.— THE CAMPAIGN.— SENATOR SHERMAN'S SPEECHES.

OHIO was carried by the Democrats in 1862 — John A. Bingham, one of the leaders of the Republican majority in the House of Representatives, was defeated. The bitter disappointment of the defeat at this critical juncture of the Nation's peril was somewhat assuaged by the defeat of Clement L. Vallandingham. General Robert C. Schenck, who had distinguished himself by six years of service in Congress, before the war, and by patriotic service in the army, was elected over Vallandingham by a majority of 1,257. When the third session of the Thirty-seventh Congress met, it was in the midst of Democratic jubilation and almost despair on the part of the loyal people of the North. Senator Sherman, in his "Recollections," thus sets forth those conditions:—

"The utter failure of McClellan's campaign in Virginia, the defeat of Pope at the second battle of Bull Run, the jealousies then developed among the chief officers of the Union army, the restoration of McClellan the golden opportunity lost by him at Antietam, the second removal of McClellan, from command, the slow movement of Halleck on Corinth, the escape of Beauregard, the scattering of Halleck's magnificent army, the practical exclusion of Grant from his command, the chasing of Bragg and Buell through Kentucky,— these, and other discouraging events, created a doubt in the public mind whether the Union could be restored."

Vallandingham, embittered by his personal defeat, railed against the administration, and the measures it had taken to

crush rebellion. Daniel W. Voorhees, then a member of the House, spoke of the Republicans as follows:—

"Sir, it ill becomes gentlemen who have met with repudiation at the hands of their people; who for their policy and conduct on this floor have been rejected by their constituents and who stand condemned before the country, to come here and lecture Democratic members. In common decency you ought to keep silent as mere cumberers of the ground, whose days are numbered. Popular majorities have been piled up against you, by thousands and tens of thousands. Loyal people have spoken your knell, the funeral bell was tolled over your political graves by patriotic hands; the grass is growing green on the sod which covers you. And yet you dare come here to lecture living men. We bear in our bodies political vitality, you are political ghosts, specters from political graveyards, where the people buried you last fall and wrote on your tombstones "No resurrection." . . . I feel keenly your wretched fate, but you have died by your own hands, and are not entitled to even a decent burial. No resurrection awaits you. You were dead when the last session closed in July. The issues which you had then made were fatal. But when the tenfold more infamous issues, of this session are added to the already heavy load of your scarlet sins, you will be numbered not only among the dead, but you will also take up your abode with the damned."

This seemed to be the winter of the Nation's discontent. The military movements to culminate in the glorious victories of Gettysburg and Vicksburg had not proceeded far enough to break the clouds. Vallandingham, bitter, vehement and eloquent was addressing immense meetings in Ohio, against the further prosecution of the war and in denunciation of the President and his policy. General Burnside, Commander of the Department of Ohio, issued an order purposed to squelch the treasonable and discouraging utterances of such demagogues and traitors as Vallandingham. In a speech at Mt. Vernon, on May 1st, Vallandingham trampled this order under his feet, spat upon it, called upon his auditors to resist the conscriptions of men. He denominated the President as "King Lincoln" and asked the people to hurl their tyrant from his throne. He asserted that the war was for the liberation of the blacks, and for the enslavement of the whites.

For this speech Vallandingham was arrested by order of General Burnside, tried by a military tribunal and sentenced to be kept in close confinement during the war. The President with a grim humor that comported exactly with the fitness of the case, commuted this sentence and ordered the prisoner to be sent through the rebel lines to his friends in the South. On the twenty-fifth of May, Mr. Vallandingham was delivered, under a flag of truce, to a rebel private of an Alabama regiment, near Murfreesboro, Tennessee. After being feated and feasted in the South he went to Canada. The Democratic party of Ohio met in State Convention at Columbus, early in June, and nominated Vallandingham as its candidate for Governor.

After his nomination for Governor, a persistent effort was made by his party friends of the country to induce the President to permit him to return to Ohio. The President in his kindness was inclined to grant the request, but upon conditions. He told the committee, which waited on him, that if they would sign a statement that there was a war being waged by the South to destroy the Government, that an army and navy were proper instrumentalities to crush that war, and that they would each do what they could to sustain that army and navy, Vallandingham could return. The committee declined to assent to the proposition.

Senators Wade and Sherman went to the President and advised against permission being granted to Vallandingham to return to the United States. The feeling against him was so intense, his utterances had been so flagrantly disloyal, that they feared violence and bloodshed might attend his entrance if it took the form of a triumphal march, as was threatened.

The Republicans and Union men of Ohio met in convention, on the seventeenth of June, at Columbus, and nominated John Brough, as their candidate for Governor. With the political lines thus formed, there began one of the most intensely bitter political contests ever held in the country. At the outset, the followers of Vallandingham were aggressive

and sanguine of victory. In the elections of the year before they had elected in Ohio fourteen out of the nineteen members of Congress. They had elected their State ticket by a majority of upwards of five thousand. If Lee had remained south of the Potomac and Grant had delayed his advance on Vicksburg until after the October election, Vallandingham might have been elected. The "peace at any price" sentiment was not confined to Ohio. The discontents of many of the northern States held mass conventions at which excited orators lashed, with furious speech, the administration of Abraham Lincoln. Such a meeting was held in Illinois on the seventeenth of June, and presided over by Senator Richardson. It adopted resolutions declaring, "that a further offensive prosecution of this war tends to subvert the Constitution and the Government, and entails upon this Nation all the disastrous consequences of misrule and anarchy."

On the fourth day of July, 1863, a day of remembrance and reverence, the tide of Democratic hope began to ebb. On that day, inspired and stimulated by all the glorious memories of the Republic, the magnificent army of Meade hurled the equally magnificent army of Lee from the hill-tops of Gettysburg. On the same day Pemberton lowered the Confederate flag to the invincible legions of Grant at Vicksburg.

Senator Sherman was very active in this campaign,—speaking in many parts of Ohio to great audiences. In his opening speech at Delaware, he set forth in one paragraph, the real issue between the contending parties. He said:—

"And here is the marked distinction between the two parties. The Union party strikes only at the rebels. The Democratic party strikes only at the administration. The Union party insists upon the use of every means to put down the rebels. The Democratic party uses every means to put down the administration. I read what is called the "Democratic Platform," and I find nothing against the rebels who are in arms against the best Government in the world; but I find numerous accusations against the authorities of the Government, who are struggling to put down the rebels. I find no kindly mention of the progress of our arms, no mention of victories achieved and difficulties overcome; no mention of financial measures without a parallel in their success; no promise of

support, no word of encouragement to the constituted authorities; no allowance made for human error; not a single patriotic hope. It is a long string of whining, scolding accusations. It is dictated by the spirit of rebellion, and, before God, I believe it originated in the same malignant hate of the constituted authorities as has armed the public enemies. I appeal to you if that is the proper way to support your Government in time of war. Is this the example set by Webster and Clay, and the great leaders of the Whig party when General Jackson throttled nullification; or is it the example of the Tories of the Revolution?"

This campaign, intensely interesting from the beginning, waxed intensely bitter toward the end. Phenomenal audiences attending the speaking of both sides and the result was in doubt until the ballots were counted. One enthusiastic Republican offered to wager that Brough would have one hundred thousand majority,—his party friends set him down as crazy,—but he won with a thousand to spare. Vallandingham was pedestaled as a martyr, Lincoln was execrated as a tyrant. In April, the State legislature of Ohio had given the soldiers the right to vote wherever they might be located, but without this vote Brough would have been elected, with it he had 101,000 majority. During the summer of 1863, the tide ran strongly in favor of the administration. Political victories indicated that a loyal sentiment predominated in the North, and military victories indicated that a vigorous and intelligent use of the army would soon crush the rebellion. We had escaped the dangers of 1862, and the early months of 1863. The taxing power was being expanded to keep pace with the swiftly increasing demands and consumption of the war, and the people were bearing the extraordinary burden with patience, if not with enthusiasm. The Trent affair had been adjusted,—not to the satisfaction of many, and somewhat to the embarrassment of Congress, which had immediately resoluted in commendation of Captain Wilkes,—but wisely; we could not have survived war with a foreign power, so any adjustment of a foreign complication short of National dishonor or National humiliation was justifiable under the circumstances of peril in which the Nation was placed at the time. The increase

of tariff duties by the Act of July 14, 1862, to meet the increased cost of production by reason of the increased and extended internal revenue tax, had increased the protection to producers, and produced a most salutary effect on business and production. By the end of 1863, foreign powers had largely suspended their arrangements, which prior to that time were progressing cheerfully and rapidly, to take advantage of the downfall or division of the Republic. The Emancipation Proclamation, at first received with evident disfavor, had become one of the strongest pillars under the now hopeful and aggressive administration. The fall elections of 1863 showed that the great heart of the North was beating in tune with the victorious march of the Union armies, and with the wise and just policy of the President.

## CHAPTER XXI.

First Session of Thirty-eighth Congress.— Colfax Elected Speaker.— Blaine and Garfield.— Constitutional Amendments Abolishing Slavery.— Col. Forney's Picture of Conditions.— The Pacific Railroads.— Bonds.— Senator Sherman's Work Upon the Questions of Slavery and Finance.— Secretary Chase and the President.— The Thirteenth Amendment.

It was under the most auspicious circumstances that the first session of the Thirty-eighth Congress met on the first Monday of December, 1863. The House elected Schuyler Colfax, of Indiana, Speaker, over S. S. Cox, of Ohio, his Democratic competitor. President Lincoln's annual message to Congress breathed the spirit of success and was eloquent in portraying the new conditions. After making a most forcible contrast of the situation, as it was a few months before, and what it was then, he said: "The crisis which threatened to divide the friends of the Union is past." All fears of a servile insurrection had passed. A hundred thousand freedmen had entered the military service of the Federal Government,— about half the number were actually bearing arms,— yet there was no sign of any disposition or desire on their part to do ought but serve, in their new capacity, with fidelity and loyalty.

Two Representatives entered the House of this Congress who were to have long and exceptionally brilliant and conspicuous careers, and whose public lives were to be somewhat strangely crossed and intermingled with the public career of the subject of this work. One of these was James Abram Garfield, who left a successful military service and a most promising future in the army to begin a civil career in which he was destined to rise to the highest honors,— to

the Presidency of the Republic, and then to a martyr's death. The other was James Gillespie Blaine. The latter, to a mental equipment of the first order had joined elements of personal magnetism, which together enabled him easily to reach the first rank of statesmen, and at the same time to be held in affectionate regard by the followers of his party. No man since Henry Clay was so loved by his party friends as James G. Blaine. Their fealty was founded upon affection and admiration rather than upon any principle for which he stood. Blaine was not a specialist,— he was an all round statesman, — he was a broad minded, patriotic, generous American and as one of the best products of our political institutions, the people loved him with a depth that cannot well be sounded.

The first session of the Thirty-eighth Congress was distinguished mainly for legislation upon three subjects: Propositions to amend the Constitution so as to abolish slavery; the enactment of a law which resulted in the building of the Pacific railroads and the authority to extend the National debt, to meet the expenditures of the war. James M. Ashley, of Ohio, introduced in the House of Representatives the first proposition to amend the Constitution, so as to forever prohibit slavery or involuntary servitude except as punishment for crime, throughout the United States. The first attempts to secure the submission of a constitutional amendment to abolish slavery were not met in the House with that support which was anticipated, or which augured success. Mr. Holman, of Indiana, objected to the bill containing the proposition to amend, but his objection was overruled by the Speaker and the bill went to the Committee on the Judiciary in the usual course. Mr. Ashley's bill was introduced in the House on the fourteenth day of December, and a little later Mr. Wilson, of Iowa, introduced a joint resolution containing a proposition to amend the Constitution to abolish slavery. Another member introduced substantially the same joint resolution, and on a motion by Mr. Holman to lay it on the table, the motion was lost by a vote of seventy-nine to fifty-eight,— nineteen votes short of the two-thirds necessary to

submit a constitutional amendment. The proposition met with more favor in the Senate. The Judiciary Committee reported favorable the following proposed amendment:—

"Neither slavery nor involuntary servitude except as a punishment for crime, whereof the party shall have been duly convicted, shall exist in the United States, or any place subject to their jurisdiction."

The amendment was long and ably debated in the Senate, and finally on the eighth day of April, it passed by a vote of thirty-eight yeas to six nays. The joint resolution went to the House, and again Mr. Holman made an effort to defeat it. At the stage for second reading he objected and upon the question being taken, the vote stood seventy-six nays to fifty-five yeas,—thirty-four short of the necessary two-thirds. After much debate, a vote was reached on the fifteenth day of June, and resulted as follows: ninety-three yeas to sixty-five nays,—twenty-seven short of two-thirds. Mr. Ashley, who had charge of the measure in the House, to save the question until a more favorable time, changed his vote and moved to reconsider the vote by which the proposition was lost,—the motion to reconsider carried, and thus was postponed the final triumph of the thirteenth amendment until after the second election of Lincoln.

In 1880, Col. Forney, in his "Anecdotes of Public Men," thus wrote:—

"New Years day, 1863, was marked by the first proclamation of emancipation, and great was the resulting alarm. Now everybody is satisfied. Colored men sit in Congress side by side with their former masters. There are colored lawyers, doctors and professors in full business at the National Capital. Former rebels practice in the courts of the North and former slaves in the courts of the South. Nearly all the early champions of slavery, nearly all the early apostles of abolition have gone to their graves. But their double warning and example survive, and it is surprising how completely the passions they produced have subsided. A generous Government enfranchises the colored man and forgives his oppressor, and they move along in their respective spheres equal in law and in fact, each dependent on his own exertions, and each entitled to a fair chance in the struggles of the future. In the

centuries that lie beyond, no chapter of history will be so curious as his. Men will wonder that an experiment which produced such astonishing blessings, should have been so long avoided and postponed. Our posterity will look back with as much surprise that slavery was ever tolerated in this country, as we look back to the existence of the Spanish Inquisition or the fights of the gladiators in the Roman Arena."

This picture caught and holds the scene and the perfume of the immediate aftermath of emancipation. From the scene thus and then truly portrayed the brilliant coloring has somewhat faded and its atmosphere no longer carries the agreeable perfume of the first years. The Fifty-sixth Congress, less than thirty years after the war, saw the last colored man that will ever occupy a seat in the House unless returned by a Northern constituency,— a thing as improbable as that one should again come from the South. Many of the southern States have substantially annulled the Constitutional amendments by which it was sought to secure the colored man equality of political rights.

Mr. Sherman was a strong and active worker for the Pacific railroads. No statesman of his breadth and foresight would fail to see the reason and necessity for a speedy communication with the Pacific States and Territories if they were to have that affinity with the States east of the mountain ranges, and that pride in the Republic so desirable and necessary in the component parts of a nation. Before the war, several unsuccessful attempts were made to supplement private effort with public aid in the building of a railroad or railroads to the Pacific Ocean. In the first session of the Thirty-sixth Congress, a special House committee reported a bill to build a railroad or authorize certain corporators, named in the bill, to build one upon the line of the Union Pacific. Three routes were proposed in the committee,— one was the Texas route,— one the Central and the other the Northern route. There was a substantial unanimity of sentiment favoring a Pacific railroad, but the representatives of each section desired the road built through their territory — this desire resulted in the bill being recommitted on the twenty-ninth day of

May, 1860. Senator Sherman introduced a resolution, in the Thirty-sixth Congress, favoring the project. The Civil War brought the importance of railroad communication with California and the coast very forcibly to the attention of the country, and accelerated the movement. The Pacific Railroad Act of 1862 gave the company, authorized to construct the road, the five alternate sections on each side of the line and bonds for $16,000 per mile, to be delivered as each forty miles was completed. In the Thirty-eighth Congress the corporators applied to Congress for a bonus of additional land, and a larger amount of bonds for each mile constructed. So great was the desire to have a road built that very liberal concessions were made by Congress. The land grant was doubled, and the amount of bonds was increased beyond all reason. As high as $48,000 a mile was allowed through mountains. The first bill gave the Government a first lien on the road for its advances, but the Act of 1864 subordinated the Government lien to the lien of the bonds issued by the corporators for construction. It has been authenticated since, that the corporators cleared up as profit the Government aid, and left the Government without any security from which it could realize anything for years. The building of the first Pacific road was an enterprise requiring enormous energy and the assumption of some risks, but the terms accorded by Congress were extravagant in the extreme. The Government should have had the first lien on the road for its advancements, or aid, and when it was relegated to a mortgage, second to the lien of the company's bonds, the result was years of exasperating friction and delay, before it realized a portion of the money due it. The benefit accruing to the country from the building and operation of these great railroad systems amply compensated the people for the assistance and aid granted by Congress. If the amount had been doubled or tripled even, the return has been many fold.

At this session $200,000,000 of bonds were authorized, payable after five years at the option of the Government and after forty years at the option of the holder, bearing in-

terest at 6 per cent. Later in the session and on the thirtieth day of June, $400,000,000 of bonds, redeemable after five years, and due after forty years and bearing five per cent. interest were authorized. The day before this latter Act was passed, Mr. Chase tendered to the President his resignation as Secretary of the Treasury. It was promptly accepted. The official relations between Mr. Chase and the President had "reached a point of mutual embarrassment" which, as the President expressed it, could no longer be continued "consistently with the public service." Probably the whole history of the Government would not furnish a parallel to the official relations sustained toward each other by President Lincoln and his Secretary of the Treasury. Mr. Chase was an imperious character, impatient at restraint, with no great confidence in the opinions of others if they did not agree with his own, but with sublime faith in the conclusions of his own mind; he never fully recovered from the belief that a mistake had been made in nominating Lincoln instead of himself, but withal, in the management of the finances of the Government, he manifested marvelous ability; whatever may have been his conduct toward the President and other members of his official family, the duties of his department were always discharged with a wisdom and fidelity which entitled him to the highest praise. The President gave him this, freely and ungrudgingly, to the end. He bore with the Secretary's criticisms of his acts and the acts of other departments without complaint, or feeling of resentment; so great of soul was the President that he would not consider any matter, which was only personal to himself, unless the public good might suffer thereby. David Tod, of Ohio, was appointed to succeed Mr. Chase, as Secretary of the Treasury, but he declined, and Senator Fessenden was appointed and confirmed. By the removal of Mr. Fessenden from the position of chairman of the Finance Committee to that of Secretary of the Treasury, Senator Sherman became chairman of the Finance Committee.

At this point, it will not be out of place to take a brief retrospect of Senator Sherman's career, up to his promotion

to this position of superlative importance and distinction. It is proper to do this, lest we fail to observe how far and swiftly this great man advanced in a public service of less than ten years. Within a period of four years he was chairman of the Ways and Means Committee of the House of Representatives and of the Finance Committee of the Senate, an achievement which no man, save he, has accomplished in the parliamentary history of the United States. The more marvelous is it when we consider that he was only a few months beyond forty-one, and at a time when the Nation was struggling through a civil convulsion, which was to change the essential elements and conditions of its National life. It is not approached except by George Evans, who after twelve years' service in the House, became one of the Senators from the State of Maine, and upon his entrance into the Senate was made chairman of the Finance Committee. Senator Sherman was the coadjutor of Secretary Chase in carrying into law the plans and policies of economy and finance through which the sinews of war were provided and expended; he was the strong right arm of Senator Fessenden in the Senate Finance Committee and the able and invincible champion, on the floor, of the great measures proposed by this committee; his friend and colleague in the House, Mr. Morrill, was fearful that his being transplanted, from the House to the Senate, might prove fatal to a great career, as it had been in so many illustrious cases, but he was immediately successful in the Senate,—he did not fail to find an opportunity, nor wither. Many statesmen, eminent in the House,—leaders,—yea the leader, have gone to the Senate only to dry up. The character, or quality of ability, necessary to success in the upper House is not very, if any different, but the atmosphere is different from that of the popular branch. At least, something has defeated the purpose and defied the power of scores of able and distinguished men in their effort to carry and sustain the eminence achieved in the House, in Senatorial service. The air is not congenial. Blaine, the unrivaled leader of his side of the House, three times Speaker, with

the prestige of a surpassingly brilliant Congressional career, entered the Senate, but made no impression, although he continued to be the idol of his party, and surpassed most of his colleagues in fame and popularity.

That he should have rendered such important service and acted with such consummate ability upon questions so dissimilar and belonging in such widely separated fields of statesmanship, as slavery and finance, is incontrovertible evidence of Senator Sherman's breadth of understanding and intellect, and his capacity to deal with any public question which might be presented. The Congressional history of the country shows a distinct line between the public men who were exceptionally prominent in the lists arrayed against slavery and those who were distinguished by equal prominence on other questions, such as finance, the tariff, and so on. It will be difficult to find one, except the Senator from Ohio, who reached a position in the first rank upon both sides of this line of division. The mantle of the old anti-slavery knight, John Quincy Adams, fell upon Joshua R. Giddings, Owen Lovejoy and others, but in his time the blows, which John Sherman dealt slavery, were more deadly than the eloquent and fervid periods of Adams, or Giddings, or Lovejoy. While slavery was still a vital and dominant issue in American politics, Mr. Sherman crossed the line and almost immediately became a leader and an authority upon questions of currency and finance, taxation and banking, revenues and expenditures. He had not the erudition of Adams, the persistent pugnacity of Giddings, nor the fine frenzy of Lovejoy, but his faculties were more practical,—his judgment was more conservative and his speech less radical, and hence the results of his work greater.

When Congress adjourned on the fourth day of July, 1864, the presidential campaign had opened. In the nomination of McClellan, the Democrats sought to make him the hero of the war, and to bring to his support, outside of their party, all those who in any way were dissatisfied with Lincoln or his manner of prosecuting the war, or were afflicted with the

disease of discontent. The campaign of McClellan's followers was a series of mistakes and blunders. Vallandingham thrust into the platform, at Chicago, a plank declaring that the war had been a failure and demanded a cessation of hostilities. In view of the fact that many of the most gigantic war operations had been carried on under the direction and command of McClellan, to the ordinary mind, this did not seem the right way to create a successful war hero. But the tide of battle was running so strongly with the Union cause that the declaration of failure became ridiculous, before the close of the campaign. In this contest Senator Sherman was one of the speakers sought everywhere by committees. He spoke in many of the States, for Lincoln and made a thorough canvass of Ohio.

When the second session of the Thirty-eighth Congress assembled at the Capitol the war was not over, but the skies were rapidly clearing. Lincoln had been elected and the next House of Representatives would be strongly Republican. General Sherman was approaching Savannah and forming one side of that circle of fire in which the Confederacy was soon to die. Grant had formed the other side, and was drawing it close upon Petersburg and Richmond. The President's message contained no evidence of undue elation; it set forth quietly and hopefully the improved and improving conditions; it impressed upon Congress in a forcible argument the wisdom of passing the thirteenth amendment. The joint resolution to submit this amendment had passed the Senate at the previous session, had lacked the necessary two-thirds vote in the House, its reconsideration had been moved and that motion was then a pending question. On the sixth day of January, 1865, Mr. Ashley called up the motion to reconsider the vote by which the joint resolution was lost and it was under consideration in the House until the thirty-first of January. During the course of the debate James A. Garfield made a very able speech in its support, and in answer to an argument made against the amendment by Mr. Pendleton, of Ohio. The opening words of this speech were as follows:—

"MR. SPEAKER:—We shall never know why slavery dies so hard in this Republic and in this hall, till we know why sin has such longevity and Satan is immortal."

In referring to the position of Mr. Pendleton in the debate upon the amendment, General Garfield said:—

"My gallant colleague plants himself at the door of his darling and bids defiance to all its assailants. He has followed slavery in its flight, until at last it has reached the great temple where liberty is enshrined, the Constitution of the UNITED STATES; and there in that last retreat, declares that no hand shall strike it."

He said slavery was doomed, and that those who had been its friends should submit with grace to the inevitable. He closed the speech with a peroration of great force and beauty, as follows:—

"I should be glad to hear them say of slavery, their beloved, as did the jealous Moor,—

'Yet she must die, else she'll betray more men.'

"Has she not betrayed and slain men enough? Are they not strewn over a thousand battle fields? Is not this Moloch already gorged with the bloody feast? Its best friends know its last hour is fast approaching. The avenging gods are on the track. Their feet are not now, as of old, shod with wool, not slow and stately stepping, but winged like Mercury's to bear the swift message of vengeance. No human power can avert the final catastrophe."

On the thirty-first day of January, the motion to reconsider carried, and the joint resolution passed. This amendment was ratified by three-fourths of the States, and on December 18th, 1865, became a part of the Constitution of the United States.

## CHAPTER XXII.

RECONSTRUCTION.— THE PRESIDENT'S PROCLAMATION.— SENATOR SHERMAN INTRODUCES DAVIS BILL.— THE WADE-DAVIS BILL.— PRESIDENT'S VETO.— LINCOLN'S PLAN.— JOHNSON'S PLAN.— SENATOR SHERMAN ATTEMPTS CONCILIATION OF PRESIDENT JOHNSON AND CONGRESS.— THE PRESIDENT'S CHARACTER.— CONDITION OF INSURGENT STATES.— THE COMMITTEE OF FIFTEEN.— THE FOURTEENTH AMENDMENT.— SENATOR SHERMAN'S SUBSTITUTE.— RECONSTRUCTION UNDER IT.

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As early as the Thirty-seventh Congress, an attempt was made to formulate a plan for reconstructing the States in rebellion, when the insurrection should be subdued and the conditions were ripe. Senator Sherman introduced, in the Senate of this Congress, a bill prepared by Henry Winter Davis, who was then out of Congress, which embodied a carefully prepared plan of reconstruction. The bill was referred to the Judiciary Committee, but the need of a law upon the subject was not then sufficiently pressing to secure action by the Committee, so it went over. At the beginning of the Thirty-eighth Congress, Mr. Davis, who had been returned to the House, introduced the same bill and early in the session it passed the House and went to the Senate, where a substitute was adopted. In conference a bill was agreed upon which was known as the Wade-Davis Bill and passed both Houses, but was vetoed by President Lincoln. The second session of the Thirty-eighth Congress passed no legislation upon the subject of reconstruction and the result was, that the war ending soon after the adjournment of Congress, there was no reconstruction law and the whole matter was left to executive action and discretion. On the eighth day of December, 1863, the President had issued a proclamation containing

a plan for reconstructing the States in rebellion and at the same time sent a message to Congress in which he set forth, at length, but in a general way, as of necessity he must, his plan for bringing the Confederate States back into political relations with the loyal States as their conditions might from time to time justify.

The President's plan met with almost universal favor, in Congress and out, but presently some gentlemen discovered that it was an encroachment upon the rights and powers of Congress. Henry Winter Davis headed the discontents in the House, and Senator Wade in the Senate. The veto of the Wade-Davis bill intensified their feeling to such a degree that neither of them supported Mr. Lincoln for reëlection. Congress adjourned on the fourth of July, and on the eighth of July, the President issued a proclamation, setting forth his reasons for vetoing the Wade-Davis bill, but expressed his willingness, when the conditions were ripe, for an application of its principles, to the reconstruction of the insurgent States, to apply those principles, but he expressed an unwillingness to undo what had already been accomplished in Arkansas and Louisiana, and to declare a constitutional competency in Congress to abolish slavery. At this time the thirteenth amendment had passed the Senate and was pending in the House. The Thirty-eighth Congress expired on the fourth of March, 1865, and as before noted, without having succeeded in making any law to govern the organization of governments in the rebel States, or providing means whereby they could reëstablish political relations with the loyal States. This left the whole matter to be dealt with by the President, as Commander-in-Chief of the armies. The governments which had been established in Tennessee, Arkansas, and Louisiana, were military in essence whatever may have been their form,—they were erected by the President, as military rather than as a civil chief. The friction, which existed between Lincoln and the radicals who disagreed with him as to the Status of the conquered territory and the boundary between executive and legislative power, would have been overcome, or so re-

duced, as not to have interfered with the carrying out of the wise, just and generous policy which the President had outlined in his mind and which he had published so far as it was practical or expedient to give it; but like the prophet of old, the faithful leader was not to cross over, but he was to die in sight of the promised land,— in sight of peace, the harbor toward which he had held the rudder through four years of storm and battle.

The surrender of Lee, the fall of Richmond, the surrender of Johnston, and the flight southward of the Confederate Government, followed each other in rapid succession. The red tide of war, which had flowed northward to the river and beyond, had ebbed back to break and die upon the soil of the Old Dominion. The whole North rang with the acclaim of victory. Bonfires blazed, multitudes shouted, the people of both sections, North and South, greeted the sign of returning peace with hallelujahs of joy. The spirit of peace and good-will filled every heart.

In an hour the sounds of jubilation and joy ceased,—the banners of victory proudly floating from a million flag staffs were lowered to half-mast, —the glad notes of the Te Deum died out and fierce notes of wrath subdued by mournful strains of sorrow filled the North. A great preacher said "the change was instantaneous; it was the uttermost of joy, it was the uttermost of sorrow,—it was noon and it was midnight, without a space between." Lincoln was dead and Andrew Johnson reigned in his stead.

President Johnson began the reconstruction of the Confederate States upon the lines of Lincoln's plan and substantially the plan of the only legislation attempted up to that time —the Wade-Davis bill. But he was soon in a quarrel with Congress or with certain Members and Senators. At the beginning the chief disagreement was about two things, or upon two points. First the question as to whether the States in rebellion were ever out of the Union, and second as to the political rights which should be allowed the freedmen in the reorganization of and in the reorganized governments.

President Johnson's plan did not confer upon the colored men any political rights. There could have been no doubt but that, until Congress met in December, the President had plenary power, as Commander-in-Chief to appoint military governors for the conquered States and to provide for the establishment and maintenance of governments. And also that these governments should continue until Congress, by appropriate legislation, should interfere by providing a plan or form of government. This proposition was clearly set forth by General Garfield, in a speech delivered in the House, February 1, 1866, as follows:—

"That it belongs exclusively to the legislative authority of the Government to determine the political status of the insurgent States, either by adopting the governments the President has established or by permitting the people to form others, subject to the approval of Congress."

Many of the Republican Senators and Members insisted that the emancipated slaves should have a part in reorganizing the insurgent States,—that they could only maintain their freedom by having political rights. In the speech, just referred to, Garfield stated that claim as follows:—

"In the extremity of our distress we called upon the black man to help us save the Republic, and amid the very thunder of battle we made a covenant with him, sealed with both his blood and ours, and witnessed by Jehovah, that when the Nation was redeemed he should be free and share with us the glories and blessings of freedom. In the solemn words of the great proclamation of emancipation, we not only declared the slaves forever free, but we pledged the faith of the Nation 'to maintain their freedom,' mark the words, '*to maintain their freedom.*' . . . If they are to be disfranchised, if they are to have no voice in determining the conditions under which they are to live and labor, what hope have they for the future?"

During the first session of the Thirty-ninth Congress, Senator Sherman made an effort to get President Johnson and Congress together upon some plan of reconstruction and to avoid, if possible, an indefinite continuation of the quarrel between Congress, and the Executive, which threatened a disruption of the Republican party. The situation was extremely

grave. The radical Republicans were determined that the President should sanction a plan of universal suffrage in the South, and the dogma that the States, by reason of their rebellion, no longer existed. Mr. Johnson was headstrong and courageous,—pugnacious and indiscrete; he would not yield a hair,—instead he became more determined as the opposition strengthened.

Just how far President Johnson was influenced, to his unjustifiable and inexplicable course by the opposition which his policy encountered from leading Republicans, and in Congress, and how far by his antecedent political predilections, will never be definitely known. Those who were inclined to take the most derogatory view of his case have asserted that he was a rebel at heart, and only espoused the Union cause under a peculiarity of mental and moral influences, which do not admit of analysis or explanation. Others believed that he was a true and loyal man, but that so unfortunate was his disposition and temperament, so far did his ability fall short of the necessities of the great position which accident had thrust him in, that he was incapable of presenting a rational policy, and unable to subordinate himself sufficiently to follow the lead of Congress. The truth seems to be that Andrew Johnson was a loyal man, and hated secession as a man of his intense disposition could hate that he intended to follow in the footsteps of Lincoln, except that he had resolved that treason should be made odious and dangerous to those engaged in it, by the execution of a number of the leaders of the rebellion. He began the reconstruction of the rebel States, as has been suggested, honestly intending to pursue the course outlined by Lincoln, and without any policy of his own. His proclamation as to Virginia was unobjectionable, and it was the first of his acts. He declared all acts of the Confederate Government, within the State, null and void. His proclamation, of May 29th, declared the restoration of the Federal Government over the territory in rebellion, and granted amnesty to all engaged in the rebellion, except fourteen classes, with

restoration of property except slaves. He appointed provisional governors for the rebellious States. All of which was clearly within his power, until Congress should act. But it soon became apparent that, under the policy of the President, whether it was as he desired it or not, the old ante-bellum regime would come to Congress again without repentance or reparation, unless Congress should refuse them admittance. When the Thirty-ninth Congress convened, the Representatives from Tennessee and Virginia were in the House, asking to be put on the roll and seated. Horace Maynard, a true and loyal man of Tennessee, had been elected to Congress, and was present in the House demanding that the clerk call his name from the roll of Representatives, and that he be permitted to vote in the election of a Speaker. But the Republicans of the House had determined upon a policy which rendered it necessary that he be excluded for the time being, in order that it might not be urged as a precedent for the admission of Representatives from other States.

On the first day of the session, Mr. Stevens, of Pennsylvania, offered a resolution providing for a joint Committee of Reconstruction to be composed of fifteen, nine from the House and six from the Senate, that the Committee should report whether the States lately in rebellion, or any of them, were entitled to representation in Congress, and that until such report was made no member should be received in either House from any of the so called Confederate States. The resolution passed the House by a vote of 133 to 36. It went to the Senate, and was there amended so as to make it a concurrent resolution, (and thus render the President's approval unnecessary,) and passed. The House members of this Committee were Thaddeus Stevens, Elihu B. Washburn, Justin S. Morrill, Henry Grider, John A. Bingham, Roscoe Conkling, Geo. A. Boutwell, Henry T. Blow and Andrew J. Rogers; the Senate members were William Pitt Fessenden, James W. Grimes, Ira Harris, Jacob M. Howard, Reverdy Johnson and George H. Williams.

On the twenty-second of January, 1866, the Committee of

Fifteen reported a Constitutional amendment, which was as follows:—

"ARTICLE —. Representatives and direct taxes shall be apportioned among the several States, which may be included within this Union, according to their respective numbers, counting the whole number of persons in each State, excluding Indians not taxed; *provided*, that whenever the elective franchise shall be denied or abridged in any State on account of race or color, all persons of such race or color shall be excluded from the basis of representation."

Very soon after the proposition was made to amend the Constitution, the President made it known through the public press that he doubted the propriety of making any more amendments to the Constitution, and he took occasion to say, in this connection, that he thought the proposition to extend the elective franchise to the negroes in the District of Columbia at the time "was ill-timed and uncalled for, and calculated to do harm." The resolution passed the House by a vote of 120 to 46. It was defeated in the Senate, not receiving the necessary two-thirds vote.

On the twentieth of February, Mr. Stevens, from the Committee of Fifteen, reported a concurrent resolution, providing that no Senator or Representative from the States lately in rebellion should be admitted into either branch of Congress until Congress should declare them entitled to representation. This was to prevent the President from recognizing the reorganized insurgent States, and complicate matters by precipitating upon Congress the question of admitting them to representation upon the action of the Executive alone. It passed the House by a vote of 109 to 40.

When this resolution appeared in the Senate it precipitated a debate in which it was clearly apparent that the Republican Senators were not agreed upon the subject of considering the resolution. Senator Fessenden, the chairman of the Committee of Fifteen moved that the pending question on the Constitutional amendment be laid aside temporarily, that the concurrent resolution be taken up for consideration. Senator Sherman, while not opposed to the principle of the

resolution, believed it was not wise to widen the breach between the President and Congress by agitating the subject further, at the particular time. The day before the President had made a most intemperate and ridiculous speech, in which, he had denounced, by name, Senator Sumner, Mr. Stevens and others whom he charged with getting up a rebellion at the other end of the line. Mr. Sherman said, "I think we ought not to postpone all the important business now pending in Congress for the purpose of getting into a political wrangle with the President." He believed that by a conciliatory policy the President and his party might yet be brought into harmonious relations, and a long and damaging contest avoided. He felt that, while the sting of the President's speech was still smarting, was not an auspicious moment to take up and discuss the questions which had so widely separated the Executive and the leaders of his party. In this he was right. The subsequent events demonstrated that reconciliation, upon any line of action which Congress could accept could not have been accomplished, yet when we consider that the representatives of the insurgent States could enter Congress only by the consent and action of the respective branches, it seems that the contest might have been postponed to a more convenient season without harm. Senator Fessenden urged its consideration, and the Senate decided to take up the resolution.

In the meanwhile the conditions in parts of the South were more oppressive to the freedmen than their former servitude. The Klu-Klux had begun to ride and raid. The reconstructed legislatures were passing laws, the purpose of which was to throw the freedmen into a new servitude more onerous and galling and destructive of their humanity than the slavery of the ante-bellum time.

On the twenty-sixth day of February, Senator Sherman made a conciliatory speech in the Senate, the purpose of which was to harmonize the conflicting opinions of certain Senators and Members and the President. He pointed out the result of a continuation of the conflict; he said that nothing

could be more disgraceful than for the Republican party, by its divisions, to turn over the powers of government to men who were the country's enemies in war. He called attention to the condition of the emancipated slaves, who were surrendered to the custody of the rebels of the South, while the President and Congress clashed about forms of government. He said:—

"Sir, the curse of God, the maledictions of millions of our people, and the tears and blood of new made free men will, in my judgment, rest upon those who now for any cause destroy the unity of the great party that has led us through the wilderness of war. We want now peace and repose. We must now look to our public credit. We have duties to perform to the business interests of the country, in which we need the assistance of the President. We have every motive for harmony with him and with each other."

In this speech the Senator paid the President some compliments, and expressed a disinclination to withhold his confidence until it should be established that Mr. Johnson was not entitled to it. He referred to his patriotic conduct as Governor of Tennessee, and of his firm and courageous stand for the Union. A few days before the delivery of this speech, on the nineteenth of February, the President had vetoed the Freedman's Bureau Bill. There was very serious doubts as to whether this Bill was a wise measure. It would have erected a permanent bureau to afford perpetual relief and protection to the freedmen and refugees. The day after the delivery of this speech by Mr. Sherman, the President vetoed the Civil Rights Bill, which perhaps satisfied him that Mr. Johnson's official conduct in these matters was not prompted by the highest motives, and that he was unreasonably obstructing the passage of measures, which the representatives of his party thought wise, and which had passed both Houses by large majorities. At any rate, after that Mr. Sherman paid the President no further compliments.

On the thirtieth of April, 1866, Mr. Stevens, from the Committee of Fifteen, reported a joint resolution for the submission of the Constitutional amendment which event-

ually became the fourteenth amendment to the Federal Constitution. The resolution was accompanied by two bills, one of which provided that when any State, lately in insurrection, should have ratified the amendment, its Senators and Representatives, if found duly elected and qualified, should be admitted to Congress; the other declared that high officials of the late Confederate Government were ineligible to any office under the Federal Government.

The third section of the amendment, as introduced in the House, provided that, until the fourth of July, 1870, all persons who voluntarily adhered to the late insurrection, giving it aid and comfort, should be excluded from the right to vote for representatives in Congress, and for electors for President and Vice-President of the United States.

The resolution passed the House by a vote of 128 to 37. The Senate struck out the third section, limiting the ineligibility of persons adhering to the Confederate Government to the fourth of July, 1870, and substituted a broader section which made the ineligibility perpetual, except that by a two-thirds vote of Congress the disability might be removed. After further amending the proposition, the Senate passed the joint resolution, and it was duly ratified by three-fourths of the States. The rebel States, with the exception of Tennessee, spurned the Constitutional amendment, and refused to adopt it with a spirit of resentment, which demonstrated that defeat had not brought repentance.

On the nineteenth of July, Tennessee ratified the amendment, and immediately a resolution was introduced to restore her "to her former proper and practical relation to the Union, and to admit her Senator and Representatives to seats in Congress, when duly elected and qualified." This passed, and thus Tennessee was the first of the rebellious States to return to the Union fold. The return of the other States was postponed by the happening of events which rendered the postponement necessary until further legislation should be provided by Congress. No plan for reconstruction except the fourteenth amendment was passed by Congress until the last session of the Thirty-

ninth Congress and then it was left to Senator Sherman to draw the substitute, which became the law, and under which ten of the insurgent States were brought back into full political relations with the Government. The House had passed a bill, the passage of which in the Senate seemed doubtful, and while it was being discussed in the Senate, Mr. Sherman proposed his substitute, and it passed the Senate by a vote of twenty-nine yeas to ten nays. The House concurred in the substitute, and the bill was sent to the President, and on March 2nd, 1869, he vetoed it. The bill was passed over the veto.

This law recognized the right of the colored people to vote for delegates to the conventions, to form constitutions and governments in the respective States, and excluded those who had been disfranchised for participating in the rebellion. It provided that these constitutions should be submitted to Congress for its approval, and when approved by Congress and when the fourteenth amendment should be adopted by these States, then the States should be entitled to representation in Congress, and that their Senators and Representatives should be admitted to seats, upon taking the oath required by law. It contained another provision, viz., that no one excluded from holding office should be eligible as a member of the Constitutional conventions, or to vote for members. Under this law all the insurgent States finally organized permanent State governments, and elected Senators and Representatives to Congress, who were admitted to seats.

This substitute proposed by Mr. Sherman, as a compromise, came after a long debate in the Senate had demonstrated that in the great variety of opinions held by the Senators, and the tenacity with which these opinions were adhered to, that it was doubtful if any legislation for the reconstruction of the insurgent States would pass at that session. The bill of the House came to the Senate when February was well advanced, and was debated almost continuously up to the time the substitute was offered. February the fifteenth, the Senate debated the bill until three o'clock A. M. Saturday, and at noon be-

gan a session which continued, with an intermission, until twenty-two minutes past six o'clock, Sunday morning, at which time the Senate adjourned. Just before midnight Senator Sherman secured the floor and offered his substitute. Senator Cowan, of Pennsylvania, addressed the chair, but Senator Hendricks, of Indiana, secured the floor and made a motion to adjourn, assigning as a reason that the Sabbath was about to begin. The motion to adjourn was voted down, and Senator Cowan made a speech against the whole matter of reconstruction. He was one of the Senators who desired the rebels to come back into Congress without repentance or condition. The debate continued until a vote was secured. Mr. Sherman made a brief speech in which he pointed out the provisions of the substitute, wherein it differed or agreed with the former or pending propositions, and urged its adoption. That the bill, as amended by this substitute, received twenty-nine votes to ten against it, was evidence that the substitute was a most happy solution of a difficult and embarrassing problem. The successful operation of the law, under unfavorable circumstances, demonstrated that it was a wise measure. It was necessary to supplement it by some legislation in the Fortieth Congress, but the substance of this law was maintained throughout the long and tedious process of reconstruction. Mr. Sherman's substitute differed from other measures and from the plan for which it was offered, mainly in that it left to the Executive the power of appointment, of which the President could not be deprived upon any ground or for any reason without infringing upon one of the fundamental principles of the Constitution.

## CHAPTER XXIII.

THE PUBLIC DEBT AT THE CLOSE OF THE WAR. — FINANCIAL MEASURES. — MCCULLOUGH, SECRETARY OF THE TREASURY. — HIS PLAN FOR THE RESUMPTION OF SPECIE PAYMENTS. — OPPOSED BY SENATOR SHERMAN. — THE DEBATE ON THE PLAN. — THE ACT TO RETIRE THE GREENBACKS. — CONTRACTION OF THE CURRENCY. — BONDS AUTHORIZED TO RETIRE GREENBACKS. — SHERMAN'S PLAN OF RESUMPTION. — COLLOQUY BETWEEN FESSENDEN AND SHERMAN. — EFFECT OF CONTRACTION PLAN OF RESUMPTION.

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After the terms of capitulation of the rebel armies had been agreed upon, the Confederate armies disbanded, and arrangements made for disbanding the Federal armies, Congress turned its attention to the refunding and payment of the National debt. The cost in money of the war to the Federal Government has never been accurately calculated, the amount is something over six billions of dollars, not including several hundred millions expended by States, municipalities and other public bodies in aid of the Government. The public debt, at the end of the war, amounted to $2,845,907,626. Deducting from this, the cash in the Treasury, it amounted to $2,757,689,571. Adding to this, sums which were afterwards refunded to the States, to reimburse them for expenditures made, the grand total for which the Government had to make provision and payment, amounted to considerably more than three billions of dollars. This calculation does not include, of course, the vast amounts expended and borrowed by the Confederate States, and takes no account of the destruction of life and property, which loss of itself was so enormous that no estimate has ever approximately fixed its amount. Several of the southern States had been laid pros-

trate by the ravages of war, their governments had been extinguished, their property and resources largely destroyed, their industrial institution abolished, and a wholly new problem of life and living substituted for the old order of things. Of course the rebellious States must bear their share of the public debt, and the burdens fastened upon the shoulders of the Government by the war. This share must be so apportioned and levied that it would not, to a greater extent than was necessary, retard the upbuilding of the South, and its recovery from the waste of the conflict.

This problem was most difficult,—the undertaking stupendous. In the first years of the war, the Government had no choice as to the terms of its loans, it borrowed upon any terms which would command the money, high or low interest, long or short time. Toward the end of the war, when the credit of the Government had so improved that better terms could be insisted upon, the loans were more favorably negotiated, but when the war ceased it was found that $1,707,000,000 of the debt would mature within three years. An amount so vast that the question of paying it when due did not admit of rational speculation. The real question was: How much of this can we pay when it matures, and how can, and how should, the balance be refunded and continued? In 1862, an act had been passed providing for a sinking fund to be applied on the debt, but the expenditures overran the receipts and the law had been inoperative. Besides this there were $433,000,000 of greenbacks outstanding, and although they were not due unless the Government elected to fix a time of payment, yet they might be considered as due at any time. At least it was the duty of the Government to take such action in regard to this portion of the debt as would insure its stability not only as a public debt, but as currency.

At the end of Mr. Lincoln's first term, Secretary Fessenden, having been reëlected to the Senate, resigned his place in the Cabinet, and Hugh McCullough, of Indiana, was appointed Secretary of the Treasury, and entered upon the

duties of the office, March 4, 1865. Upon Mr. Fessenden re-entering the Senate, Senator Sherman surrendered the chairmanship of the Finance Committee to him. Secretary McCullough's first report, submitted to the first session of the Fortieth Congress, contained his plan for dealing with the debt and currency. He regarded the greenbacks, and especially their legal-tender quality, as a necessity of war, and only justified and legalized by the necessities of war. He proposed that they should be retired and cancelled as soon as practicable by being exchanged for, or refunded into bonds, or paid by funds realized from the sale of bonds. He further proposed, that if their retirement injuriously contracted the currency, to supply their place with National Bank notes. He argued that the currency was redundant and that a large decrease, perhaps, to the amount of the greenbacks, would not unfavorably effect business. A bill was introduced in the House of Representatives to carry out the Secretary's idea. It authorized him to sell any description of bonds described in the Act of March 3, 1865, "the proceeds thereof to be used only for retiring Treasury notes, or other obligations issued under any act of Congress." As the bill was introduced there was no limitation upon the power of the Secretary, as to the retirement and cancellation of the United States notes. Under its provisions, as fast as bonds could be sold, the greenbacks could be retired until the last one was gone. This proposition, of course, raised the question as to what volume of money was necessary to do the business of the country, a question never satisfactorily solved in advance, but easily discovered in the affect of contraction or expansion upon business. It has always been a mooted question whether the United States notes should ever be retired,—at this time, more than thirty-five years after the war, they are still doing duty as money. They are a forced loan perhaps, and without interest, but yet their convenience and safety as currency presents a strong argument in their favor. Only once since the war, and then only for a brief time, did they show a dangerous power in our monetary system, and then

the opportunity to do harm was occasioned by legislation which ruinously reduced the revenues. Secretary McCullough believed that through the process outlined in his report, and authorized in this bill, he could carry the country back to specie payments within two or three years. He believed that resumption was to be accomplished through a quick scramble up a sharp, but short, declivity; the way, however, was to be a long and toilsome one and made much longer and harder by this legislation which the Secretary requested, under the mistaken belief that it would insure a quick and sure return to a coin basis.

Senator Sherman wholly disagreed with the Secretary of the Treasury, as to this policy. He sets forth the points of difference so clearly in his "Recollections" that I quote a paragraph:—

"At this time there was a wide difference of opinion between Secretary McCullough and myself, as to the financial policy of the Government, in respect to the public debt and the currency. He was in favor of a rapid contraction of the currency by funding it into interest-bearing bonds. I was in favor of maintaining in circulation the then existing volume of currency as an aid to the funding of all forms of interest-bearing securities into bonds redeemable within a brief period, at the pleasure of the United States, and bearing as low a rate of interest as possible. Both of us were in favor of specie payments, he by contraction, and I by the gradual advancement of the credit and value of our currency to the specie standard. With him specie payments was the primary object, with me it was a secondary object, to follow the advancing credit of the Government. Each of us was in favor of paying the interest of bonds in coin, and the principal when due, in coin. A large proportion of National securities were payable in lawful money, or United States notes. He by contraction, would make this payment more difficult, while I, by retaining the notes in existence, would induce the holders of currency certificates to convert them into coin obligations bearing a lower rate of interest."

Before the bill passed the House the danger of a sudden contraction of the volume of currency, by the retirement of the greenback, was foreseen, and an amendment adopted prohibiting the retirement of a greater amount of the United States notes than $10,000,000, the first six months, nor more

than $4,000,000, a month thereafter. With this amendment the bill passed the House, and came to the Senate. It was vigorously opposed by Senator Sherman in the Finance Committee and on the floor of the Senate. The bill was not carefully considered in the Finance Committee. It took the bill upon the strength of the Secretary's recommendation, and the consideration which had been given it in the House. It is true that if the Secretary's plan was wise the bill was in proper form to carry it out, but Senator Sherman was satisfied, and subsequent events confirmed the wisdom of his opinion, that the course proposed led away from, rather than to, the point at which the Republicans were aiming, viz: The earliest return to specie resumption, consistent with the welfare of the people, and the refunding of the public debt into obligations bearing a reduced rate of interest. Aside from the currency feature of the greenbacks, and considered only as a part of the National obligations, they were the cheapest form of debt. They bore no interest, had no specific time for payment and there was no reason at the particular time, why they should not be continued, as the least burdensome portion of the debt, at least until the interest-bearing obligations were funded in more advantageous form, and upon better terms.

But the question was deeper and more important than simply a matter of interest,—it was a question whether by the Secretary's plan we could get back to a specie basis without retiring substantially the whole volume of United States notes, and thereby paralyze business by the sudden contraction of the currency to the amount of more than four hundred millions of dollars. Senator Sherman was not unfavorable to the retirement of a reasonable portion of the greenbacks, such amount as would not seriously disturb business, but his plan was to increase the National credit by judicious legislation, such as would inspire confidence in government obligations, to increase the credit gradually until a specie basis was reached. He thought this could be done without any serious disturbance to business.

On the ninth day of April, 1866, Mr. Sherman made a carefully prepared speech in the Senate, in which he pointed out his objections to the bill in question. He said he would waive his personal objections upon other grounds, if the House amendment, limiting the retirement and cancellation of the greenbacks, was in a fact a limitation, but he asserted that the limitation would in no way be violated by the retirement of the whole volume into the Treasury, if they were not cancelled. He said that at that time there was no pressing need of the authority so broadly conferred upon the Secretary by the bill as no large amount of the debt was due, about $62,000,000, and that by the time a large amount was due the conditions would be such as to enable the Government to fund it upon more favorable terms. He said in part:—

"I say the future for this country is hopeful, buoyant, joyous. We shall not have to beg, of foreign nations, or even of our own people, money within two or three years. Our National debt will be sought for, I have no doubt. I take a hopeful view of the future. I do not wish now to cripple the industry of the country by adopting the policy of the Secretary of the Treasury, as he calls it, by reducing the currency, by crippling the operations of the Government, when I think that, under any probability of affairs in the future, all this debt will take care of itself. . . . In my judgment the amount of legal-tenders, now outstanding, is not too much for the present condition of the country. I expect to come back to specie payments, and I expect to see gold approach the level and standard of our paper money, without any material reduction of our currency."

This prophecy came true. When specie payments were resumed the volume of legal tenders amounted to about three hundred and fifty millions, and the process was, as Mr. Sherman predicted, by slowly and without injury to business, bringing the currency credit of the Government to a parity with coin.

Mr. Sherman expressed a willingness to confer upon the Secretary any additional authority which might be necessary to enable him to sell bonds to pay accruing indebtedness, but he strenuously and wisely objected to authority to sell

bonds then to pay debts which would not accrue for two or three years. His objection was based upon the claim that, when the debt matured, bonds could be negotiated at interest as low as five per cent., which in the end would save the country millions of dollars in interest. On this point he said:—

"I do not think it wise to confer on the Secretary of the Treasury the power to meet the indebtedness not accruing for a year or two or three years. I do not think it necessary, in our present financial condition, to authorize him to go into the market now and sell bonds at current market rates, with a view to pay debts that do not mature for a year or two. I have no doubt, before the five-twenty loans are due, we shall retire every dollar of them at four or five per cent. interest. No one who heeds the rapid developments of new sources of wealth in this country, the enormous yield of gold now, the renewal of industry in the South, the enormous yield of cotton, the growing wealth of the country, and all the favorable prospects that are before us, doubts the ability of the Government, before this debt matures, to reduce it to four or five per cent. interest."

This debate in the Senate presented the interesting spectacle of a radical disagreement, and a sharp colloquy between Senators Fessenden and Sherman, the chairman of the Finance Committee and his predecessor in the chairmanship, between the chairman and the leading member of his committee. The bill passed on the twelfth day of April. Time and the execution of this law, demonstrated that Senator Sherman was right in his opposition to this measure, and most of the leading statesmen of his party in Congress lived to see the fruits of the costly blunder which had been made. The funding operations under this law increased the six per cent. debt over $600,000,000 and cost in interest, before the debt was paid, something like half that sum. In 1870, in a speech in the Senate, Mr. Sherman called attention to the results of the Act of April 12, 1866, in the following words:—

"But Mr. President, Congress itself has been guilty of some errors, and one or two very great omissions in financial legislation, after the war was over. The most unfortunate one was the Act of April 12, 1866. By this act, Congress authorized the Secretary of the Treasury to fund

all the floating indebtedness of the United States, the compound interest notes, the five per cent. notes, the temporary loan certificates, all the then floating debt, into six per cent. gold bonds, or into any form of bonds authorized by previous acts, which covered, of course, the six per cent. five-twenty bonds. Thus by a general sweeping provision contained in this act we legalized and authorized the conversion of the whole current debt, except United States notes, into five-twenties. Whatever opinion may have been entertained as to our finances in the year 1865, there can be no doubt but that on the twelfth day of April, 1866, it was not wise or politic to fund the debt into a six per cent. bond. The effect of this legislation was to at once sever the bond from the note. All forms of indebtedness, except the notes, was allowed to be funded into bonds. This at once checked the appreciation of the notes. Gold had greatly lowered in price, till in April, 1866, when this act was passed, it was only worth twenty-five and one-half per cent. premium; but from the passage of the act it immediately rose, and in July averaged fifty per cent. For years after gold never reached the minimum of twenty-five per cent., but advanced, fluctuating backward and forward. Paper money was then entirely detached from the rest of the debt of the United States, and became of less market value than any other form of our securities. During the past year, under a different policy, the currency has reached much nearer the par of gold than before. For three years after the passage of the Act of April 12, 1866, gold, or rather our paper money, was subject to daily fluctuations and derangements, the inevitable effects of its passage. This Act and the failure of Congress to provide any mode for redeeming or retiring the greenbacks, and afterwards the repeal of even the limited authority granted to the Secretary of the Treasury to retire greenbacks, undoubtedly kept our notes depreciated, from day to day fluctuating in value."

## CHAPTER XXIV.

EARLY STEPS TOWARD RESUMPTION.— THE HOUSE RESOLVES IN FAVOR OF SECRETARY MCCULLOUGH'S PLAN TO CONTRACT THE CURRENCY.— THE RIGHT TO CONVERT GREENBACKS INTO BONDS. — THE RISE OF GREENBACKISM. — REFUNDING.— SENATOR SHERMAN'S EFFORTS TO REDUCE INTEREST ON PUBLIC DEBT.— SPEECH.— POSTPONED BY DISAGREEMENT BETWEEN PRESIDENT AND CONGRESS.— SENATOR SHERMAN'S LETTER TO GENERAL SHERMAN.

JOHN SHERMAN'S early Congressional career has been obscured or lost sight of in the greater fame which came to him as the central figure,—the leading force in that great financial achievement, the resumption of specie payments. This career began only two years after Daniel Webster and Henry Clay died, and continued until men born after it began, became his colleagues in the high places of the Nation. His public career was respectable before Corwin's brilliant sun went towards its setting, and it was National and distinguished before the first gun of the Civil War was fired, and in the end, as it was greater so was it longer, than that of any Ohioan. The statesmen of Ohio naturally divide into two classes and into two periods,—those who precede and those who follow the days which marked Garfield's greatest fame. To this observation one exception should be noted,—John Sherman belonged to both these periods.

As Mr. Sherman's enduring fame will rest upon his connection with the passage and execution of the Resumption Act, it is necessary to note, with some particularity, the steps taken by Congress and the Treasury Department after the war, in returning to a coin basis. While the war was rampant, and the people of the North were filled with a determination to save the Union at any cost, it was comparatively

easy to raise money, but the day came when the enormous sums, borrowed, had to be repaid to those who had advanced them to the Government, and then it was that a contest as hard and difficult and bitter as the contest of arms, confronted the statesmen of the Republic. The four years of war had been a period of excessive inflation,—of enormous profits in business,—of exaggerated prices counted upon the depreciated money in circulation; for years we were ballooning, and now the problem was to get back to the earth and accustom ourselves to the quiet, steady ways of peace. We began to take reckoning before the war ended to see how far we had drifted, but the winds and waves were yet too strong, and we continued to drift for a while. On the eighteenth day of December, 1865, a few days after Secretary McCullough's report came to Congress, the House of Representatives passed the following resolution:—

"Resolved, That this House cordially concurs in the views of the Secretary of the Treasury, in relation to the necessity of a contraction of the currency, with a view to as early a resumption of specie payments as the business interests of the country will permit, and we hereby pledge co-operative action to this end as rapidly as practicable."

It will be observed that this resolution had two conditions: First, that resumption was to be at as early day as the business interests of the country would permit; and second, as rapidly as practicable. The resolution was simply a new declaration and acknowledgment of the pledge to return to a coin basis at the first moment consistent with the business interests of the country.

We had traveled too far to return so soon. After the suspension in the Napoleonic wars, England was twenty-two years getting back to coin payments. It would have been disastrous, the ruin of thousands, to have forced specie payments, if it could have been done at all, within a period of a few years after the war closed. The gains of the upward flight of prices had to be lost in the fall of prices, but the

losses to be borne, in justice and equity, must be distributed over a considerable space of time. The return had to be gradual, the chasm was too wide and too deep to be filled in a year or two.

The next step after the passage of this resolution was the passage of the Act of April 12, 1866, to which some reference has already been made. As suggested, its theory was to force resumption by the retirement and cancellation of the greenbacks. The great error of this act, so far as the return to specie payments was concerned, was in its severing the notes from the bonds. If the notes had continued fundable unto the bonds they would have been more easily raised to a par with gold. During the twenty months, which this law operated without further legislative restriction, the currency was contracted $142,000,000. Business slacked and loud protests went up to Congress against further contraction of the currency. On the fifth day of December, 1867, the Ways and Means Committee of the House reported a bill to suspend the retirement of the legal-tender notes. It passed the House, went to the Senate, and was there taken charge of and supported by Senator Sherman, and passed with only four votes against it. Subsequently Congress enacted other limitations upon the power of the Secretary of the Treasury to retire and cancel the legal-tender notes. Finally the amount was fixed by law.

Along the shore of this controversy about the volume of money and its effect on business conditions, were first seen the craft of that race of financiers who floated the fiat banner, and whose home was among the rocks and currents of destruction. At first there was an honest difference founded upon substantial grounds, between the advocates of contraction and its opponents. When the question was first presented, by the report of Secretary McCullough, there was no data from which to determine, with any degree of certainty, the volume of money necessary to do the business of the country, to readily perform the exchanges. The war conditions had been extraordinary, and they did not furnish

reliable premises from which to draw conclusions. The Government had ceased its enormous consumption of the products of labor, the discharged soldiers had become laborers and producers; business had shifted from a war to a peace basis; for these and many other reasons, there was ample ground for honest differences of opinion.

The demagogue is not the product alone of, nor the inhabitant only of, free governments. He has his home and plies his trade in every civilized community in the world. His opportunity is found amidst conditions of discontent, and it is then that his breed increases with marvelous rapidity. As an honest man sometimes succumbs to strong temptation, so sometimes an honest public man is overborne by an opportunity, and so it was that many statesmen who at first opposed contraction of the currency for sound reasons and from good motives, latterly became inflationists, pure and simple, and because they saw in it an avenue to popularity and favor, or an opportunity for party advantage. But after the first few years, a cheap and liberal currency became the political stock in trade, of a considerable number of politicians and public men, and since then, most of the advocates, the persistent year-in-and-year-out advocates of cheap money, have been pretty fairly divided between two sorts, first, demagogues, who seek their sinister ends through appeals to the passions, the prejudices and the weaknesses of humanity; the second, those whose obliquity of financial vision is from heredity, the lineal descendants of the member of the Continental Congress, who refused to vote for any taxes upon the people, because "we can send to our printer and get a wagon-load of money, one quire of which will pay the whole."

There was no disagreement between Secretary McCullough and Senator Sherman upon the point that a policy should be adopted and put into operation, by which specie payments should be resumed at the first practical moment, consistent with the welfare of the people, and the business interests of the country. They disagreed as to the policy, as to what

should be done to reach the end which they both earnestly desired. The Secretary favored a forced march back, Mr. Sherman favored a gradual return,—one which would take some account of the long distance necessary to travel in returning and one which would not disturb, at least unnecessarily, business affairs, by a sudden change of the standard of values and exchanges. The Secretary, in his report submitted to Congress in December, 1867, recommended the further contraction of the currency, and that the acts authorizing the legal-tender notes be repealed, and that they all be retired as rapidly as possible. Mr. Sherman believed that the legal-tender notes should be redeemed at as early day as was practicable, that they should be made convertible into coin, but that they should be re-issued and be retained and used, not only as currency, but as a more desirable form of public debt than a high interest bond. Out of this controversy, also, came the long and persistent war which has been made upon National banks. Very generally the members of the Democratic party were opposed to the issue of the greenbacks. Their sentiment was well expressed by George H. Pendleton, in a speech in the House in 1862, in which the following appears:—

"You send these notes out into the world stamped with irredeemability. You put on them the mark of Cain, and like Cain they will go forth, to be vagabonds and fugitives on the earth. What then will be the consequence? It requires no prophet to tell what will be their history. The currency will be expanded; prices will be inflated; fixed values will depreciate; incomes will be diminished; the savings of the poor will vanish; the hoardings of the widow will melt away; bonds, mortgages, and notes, everything of fixed value will lose their value; everything of changeable value will appreciate; the necessities of life rise in value . . . contraction will follow! Private ruin and public bankruptcy, either with or without repudiation, will inevitably follow."

Yet, in the course of time, when it was proposed to honorably retire these vagabond notes, by substituting in their stead the amply secured notes of solvent National banks, it was opposed, upon the ground that it was giving to the banks an unreasonable profit, and that it was dangerous to give them

control of the currency. From these first steps toward resumption, until resumption, was accomplished in 1879, there was increasing agitation for a larger supply of legal-tender notes, — a larger volume of money as a cure-all. And thus, in the conflict between these extremes, was resumption delayed and postponed. Secretary McCullough and his followers were at one extreme,— for the rapid retirement and destruction of the greenbacks; and the greenbackers, favoring an unlimited issue of notes, were at the other. Between the two were the conservative statesmen, of whom John Sherman was the leader, those who saw the danger in either course, and by a wise middle path secured the beneficent object of the one, and defeated the destructive object of the other. Mr. Sherman sets forth the situation as follows in his "Recollections":

> "But the equally erroneous opposing opinions of contractionists and expansionists, delayed for many years the coming of coin resumption upon a fixed quantity of United States notes."

Mr. Sherman never ceased in his efforts to reduce the rate of interest upon the bonds. He was more sanguine of the ability of the Government to borrow at a lower rate of interest in 1866, than most of his colleagues in public life. He believed that a five per cent. bond, redeemable at the pleasure of the Government after ten years, could be floated, and to that end he introduced a bill at the same session at which the Act of April 12, 1866, passed. He objected to a long bond with no option to the Government to pay until maturity, because he saw clearly that long before the expiration of the minimum time in the option bonds, the Government would be able to borrow at very low rates of interest, and that advantage might be taken of such opportunity; he was strongly opposed to a bond running thirty years, unless it should appear upon trial that no other bond could be sold. On the twenty-second day of May, he made a most able and comprehensive speech in the Senate, upon the subject of refunding the public debt. The time was not auspicious for the discussion of financial questions. At this time

the conflict between President Johnson and the party that had elected him, held the center of the stage of American politics, and occupied the attention of Congress to the exclusion of more important, but less interesting questions. After the President had vetoed the Civil Rights Bill, and demanded the admission of the rebel Senators and Members to seats, it became evident that his case was one of clear apostasy. Mr. Sherman was almost the last Republican, of commanding influence, and of those who maintained true allegiance to the Republican party, to surrender his belief that Andrew Johnson would finally round to and stand with his party to preserve the fruits and results of the Union victory. He foresaw that a serious breach between the President and his party might postpone, for years, the dispassionate consideration of those great financial and economic problems, which must be considered and wisely solved before the Nation could again plant its feet on solid ground. To avoid this dangerous contention, if it could be avoided, he made an effort to conciliate the parties and compose the quarrel, but he might as well have given directions as to the course of the winds. The psychologist will be puzzled who shall undertake to trace to their root the influences which persuaded Andrew Johnson that his duty lay in the course he chose. Why he should make fellowship with those who had exhausted the vocabulary of epithet in his abuse, will never, perhaps, be satisfactorily explained. A southern man, but none of the threads of his lineage had beginning or were woven into the warp and woof of the genealogy of the ruling families of the South. He sprung from a class whose social opportunity and economic value was below that of the slaves. From this lowly position with every human strata of his section above him, Andrew Johnson made his own way through them all, upward to one of the exalted positions of the world. His rise was a rebuke to the aristocratic exclusiveness of the South, and southern men resented the prominence of this man, who had achieved it without having been born to the purple. The President was a man of im-

pulse,— his temperament carried him to the extreme. It was feared that he might hang all the prominent rebels, and close the mighty chapter of war with a retributive justice that would appall humanity. But he was no sooner in a jangle with a few of the radicals of his party, than he swung clear over, and was foremost in demanding that the unreconstructed and unrepentant rebels should be admitted to seats in Congress. Alexander H. Stevens, the Vice-President of the Confederate Government, had been elected a Senator from Georgia, almost simultaneous with his discharge from Ft. Warren. He was demanding a seat upon conditions which he expressed as follows:—

"Georgia will accept no conditions of restoration. She claims to come back with her privilege of representation unimpaired."

It was suggested that Congress should be dispersed by force; that its acts were illegal, because the States in rebellion were not represented, and finally the President declared, "we have seen hanging upon the verge of the Government, as it were, a body called, or what assumed to be, the Congress of the United States, while in fact, it is a Congress of only a part of the States."

Notwithstanding this fierce conflict, Senator Sherman abated none of his interest in the finance of the Government. Sometimes his voice seemed like one crying in the wilderness. In the speech referred to, he answered every argument that had been made against a low interest bond, and refuted every proposition, that had been made for legislation, that would reduce the value of the bonds as securities or investments. A short time before this speech was made, the proposition was first made to allow the States to tax the bonds of the Government. The arguments in favor of the power were demagogical, but fascinating to many minds. They appealed strongly to the prejudices of a large class, and they could be answered effectively, only by showing that the power to tax National instrumentalities on the part of the State would be destructive of the National existence, if a State should under-

take that method of destroying the Government. It was necessary to show that such power in the States was wholly inconsistent with the supreme and sovereign power of the Nation, relative to those subjects upon which the National existence depended, such as the power to borrow money and issue obligations therefore. He argued, and supported the argument by reference to the public debt of the most enlightened nations, that the debt should be reduced to a few simple forms at a low rate of interest, so that any man of ordinary intelligence could understand it, and know the value of the several forms of bonds or obligations. He cited the fact that at that time, our debt was in forty forms of security, and authorized by twenty-seven different laws, and he asserted, that it required the knowledge of an expert financier to determine the difference and what effect the difference in form and authority had upon the value of the obligations. Upon this point he expressed himself as follows:—

"It is manifest that if the debt of the United States was now reduced to one simple form of a five per cent. stock or bond, so that the United States need look only to the payment of the interest, and to the payment or purchase of such portion of the principal as its policy might dictate, much of our financial difficulty would be removed. What is now the trouble with us? Why can not this project be adopted? The answer is, that a very large portion of the principal of the public debt becomes due in a short time, and the Secretary must provide for the payment of it; and this very necessity of going constantly into the market to renew these loans, imposes upon him nearly all the burdens of his office. And yet I do not arraign the policy that was adopted during the war of making short loans. It was proper to do it, it was necessary to do it. It was not proper for this Government to stipulate to pay these high rates of interest for a long period of time, and therefore during the war it was necessary to make short loans at a high rate of interest; but it was always done in view of reducing the rate of interest after the war was over, and with a view of consolidating the whole debt. The policy, so far as I know, of those connected with the finances of the country, has been to keep ever in view the principle of redeemableness in every form of security issued during the war. Therefore, the five-twenty bond was payable, or might be paid, after five years. The seven-thirties and the various forms of securities that have been issued are within the reach of the Government in a short time. Why was this idea so carefully kept

in view? Simply to enable the United States to retain the advantage of paying the principal after the war when loans could be negotiated on more favorable terms. And now we may properly reap the benefit of this wise policy. We may now enter the money market with the laurels of victory and peace. We need no longer compete with the industrial interests of our citizens in borrowing money, but may prescribe our own terms and renew our debts on conditions consistent with our vast power and resources.

"Now, Mr. President, the only additional question I need present, is: Is this the time to fund the public debt? I say, emphatically, it is. I believe we have wasted four or five precious months already. I believe that the process would have been easier at the beginning of this session than it will be now; and why? In order to fund the public debt of the United States, a large amount of currency is necessary; but it is necessary for us to reduce our currency as soon as possible. We cannot get back to specie payments without some reductions of the currency. Every one desires to resume specie payments, but before we do so the debt ought to be funded. It cannot be funded on as favorable terms after we return to specie payments. The very abundance of the currency obviously enables us to fund the debt at a low rate of interest; and as the debt was contracted upon an inflated currency, it is just and right, that, upon that same currency, it should be funded in its permanent form. The effect of the superabundance of paper money is to reduce the rate of interest; that is obvious. At the time of the celebrated John Law excitement, the rate of interest was reduced to one-and-a-half per cent. by the overwhelming amount of paper money. I say that now, above all others, is the time to fund this debt in some form of security. If we postpone it six months, or a year, it will only add to our difficulties. The longer we postpone it, and the longer we leave this amount of floating indebtedness upon the market of the United States, the less will we be able to fund it at a low rate of interest and on favorable terms. And, sir, we have no choice about it. We have got to do it, because this debt is maturing, and we have got to put it in some other form unless we intend — to use a very expressive phrase — to shin it, and go into the market to renew short loans. This debt matures, and it must be paid. It can be paid, not by taxes, but by selling new bonds and new loans; and therefore we must determine upon some form of funding it as soon as practicable.

"And this brings me to the main question, what rate of interest the United States ought to pay on the public debt. Upon $830,000,000 we are now paying interest at the rate of seven and three-tenths per cent., higher than we allow our citizens to exact from each other. Upon the great part of our debt we pay six per cent. in gold, equivalent at present rates to seven and eight-tenths per cent. in the

currency for which bonds were sold. We exempt our public creditors from the burdens of taxation. The question is now whether we are willing to continue to pay such interest, and whether we are unable to meet our obligations on more favorable terms.

"And, sir, in considering this question, I wish it distinctly understood that I would not arbitrarily change any contract with a public creditor. Public faith is the most precious jewel of a Nation, and I would not tarnish ours by any violation of promise or contract. So far as we have stipulated we must pay; our credit demands it. An old writer says:—

> 'This is the great thing called credit. Credit is a consequence, not a cause; the effect of a substance, not a substance; it is the sunshine, not the sun; the quickening something, call it what you will, that gives life to trade, gives being to the branches and moisture to the roots. It is the oil to the wheel, the marrow in the bone, the blood in the veins, and the spirit and the heart of all the negotiation, trade, cash, and commerce of the world.'

"Credit is based not only upon a strict compliance with contracts and ability to perform them, but also upon great care in making them. We must have prudence in making a contract, honor in observing it, and ability to perform it. These are the elements of public as well as private credit. Our history, as a Nation, has shown that we have the means and will to fill our contracts. It is for us to show our prudence in making them in the future. In private dealing we will not trust a man who has great means and ample property, if he is reckless in making engagements; but we do trust a prudent man who has no resources but his prudence and probity. As a Nation, we ought not to impair our credit by making engagements more onerous than other Nations do, unless we are compelled to do so by stern necessity. Now, sir, I cannot but think that it is discreditable to us, as a Nation, that we are now issuing our bonds at a higher rate of interest than any Christian Nation of the world; that we now continue to issue, at a coin value of seventy-five cents on the dollar, six per cent. bonds, principal and interest payable in gold. I do think that the fact that European Nations, with their complicated relations and expensive forms of government, can sell their securities at a more favorable rate than we, is an unpleasant fact, no longer justified by the relative condition of the several countries. While we were in war, our Government in discredit, and our own people fearing the result of the struggle, we were forced, by the necessity, to pay high rates; but to do so now is a confession of weakness, that I see no foundation for.

"Let us test this question by a more detailed comparison of the rates of interest paid by this and other countries, and of the resources of

each. I have a table showing the debt, population, and annual interest paid by leading Nations. . . .

"But this table, while it presents us in unpleasant aspect, does not show all the facts. Of our debt, only $2,200,000,000 is on interest. The residue is not funded, or is the form of currency; but on the sum of a little more than $2,000,000,000 we pay $139,000,000 of interest, while Great Britain pays a less sum of interest by some millions of dollars on nearly double the debt. The rate of interest on her consols, at their present market value, is three and a third per cent. One hundred dollars of her bonds, bearing interest at three per cent., will sell, in any money market of the world, for eighty-six dollars in gold, equal to ninety-four dollars in our coin; while one hundred dollars of United States bonds, bearing six per cent. interest, will sell in Europe at from sixty-five to seventy dollars in sterling gold, and in the market at New York for about seventy-six dollars in our coin. Is there such a difference between the condition of affairs in this country and in Great Britian? Is there anything in our public credit, the nature of our institutions, or the character of our laws, or in the uncertainty of payment, that compels this exorbitant difference? I do not think so. In France the rate of interest is about four per cent. and a fraction; sometimes a little less than four. In Russia it is five per cent. In Austria it is five per cent. Five per cent. is the highest rate paid, except during an emergency, by any of those countries; and their rescources are not to be compared with ours. This table shows that, tested by the public debt of any Nation of modern times, the amount paid by the United States is entirely exorbitant, and therefore the first duty is to reduce the rate. In my judgment, it will be a public discredit if the Secretary of the Treasury is compelled to issue any more six per cent. gold-bearing bonds.

"When you examine our resources and compare them with the amount of our public debt, the latter seems insignificant. It is shown, not only by our official tables, but by the actual exhibition of our industry and strength, in the last three or four years, that we have more elements of strength and more resources in money, than any Nation in Europe. England has but thirty million people, upon whom her public debt rests; we have thirty-five million people, and our population increases at a ratio without example, maintaining that ratio for sixty years. We have the broadest agricultural field of any Nation in the world, not excepting Russia, because the greater part of Russia is either too cold or too dry for agriculture productions. We have a territory of compact form, but varied climate, and productions greater in amount than all Europe. We have 2,044,177 separate farms, each occupied by the owner, and in the main, tilled by his own labor. Our coal fields are estimated to be thirty-six times the size of those of Great

Britain and Ireland, and are distributed throughout all portions of the country. As coal is the basis of the wealth of Great Britain, and actually yields seventy-two million tons, while we now consume but fifteen millions, we have, in coal, a bank that will never break, a mine of jewels more valuable than all the gold of the world. And our mineral resources are greater than those of any two countries of the world. California has furnished to the mints, of the United States for coining, over $360,000,000 in gold, and probably a greater amount in bullion exchanged for foreign productions. Mountains of rich iron ore are scattered over most of the States. We have more actual wealth *per capita* than any Nation in Europe. The price of labor here is twice what it is in Europe. All the elements which enter into the computation are in our favor. For us to pay this rate of interest, it seems to me, is an acknowledgment that there is some defect in our form of government, some insecurity, or some unreasonable demand for the use of money, that I cannot explain.

"The vast disproportion, between the rates of interest we pay and our own resources, has excited the intelligent observation of an Englishman, recently among us, who has written a book upon the resources and prospects of America, a copy of which I have before me. I refer to Sir Morton Peto, and I am sure every Senator who hears me will deeply regret that one so friendly to our country seems, by the advices we have this morning, to have been involved in financial embarrassments at home. This intelligent writer, who is familiar with the whole system of finance and taxation in England, has presented, in this volume, the results of his study and observation of our resources, in a manner that must attract the attention of every reader. The book is a careful collection of facts, admirably arranged, but without attempt at concealment or exaggeration, and he closes it by saying that, after the completion of our Pacific railroad:—

> "'We shall be called upon to regard America as the greatest Nation of the world. She will be entitled to take that rank by reason of her extent, her diversity of soil and climate, the character of her communications, the variety of her resources, her vast mineral riches, and the abundant field which she presents for labor and for the employment of capital and enterprise. Many among us are accustomed to smile when we hear the Americans speak of the United States, in their accustomed manner, as a "great Nation." But there is no mere boast in that description. Emphatically, America is a "great Nation." Where can we find her equal in geographical and natural advantages, in material progress, or in general prosperity? As a united people, the Americans present, to the world, a spectacle that must excite

> general admiration. Regarding them as of the same race and ancestry with ourselves, as a people using our language, governed by our laws, united by the same religion, influenced by kindred sentiments, their progress is a spectacle which should kindle our admiration and enthusiasm.'

"And, sir, in this connection we must remember that while our resources are so great, that they are not locked up in the bosom of Mother Earth, but may be touched by the power of taxation. The actual experiment has been tried, and the result has been far greater than any of us estimated. We are now collecting a revenue greater than any modern Nation. A recent official statement made to us by the Revenue Commissioners shows, that during the current year the result of our taxes is over $500,000,000, a sum greater than France or Great Britian ever collected in any one year. We are now engaged in the happy duty of repealing many of these taxes, but will still retain $30,000,000 to apply annually on the principal of our debt; a fact that has forcibly impressed the mind of Mr. Gladstone, who after years of peace, is fortunate in being able, in Great Britian, to propose a plan of slightly reducing the debt of that country by changing a portion of it into terminable annuities.

"Another element of credit is, that under our system of government, our National expenses are far less than those of other Nations. Sir Morton Peto says: 'In proportion to population, the United States in 1860 had, I apprehend, the smallest expenditure and the smallest National debt of any country in the world.' And, sir, even under the increase of our expenditure since the war, our actual expenditure, other than on account of the public debt, will be, in the future, far less than that of the same population in Europe. Here, war expenses cease with the war. No standing army swells, exorbitantly, our estimates. Our heroes, who saved the country by war, are now enriching it by their labor. Our current expenses next year will be considerably less than two hundred millions. So that whatever view we take of our financial position, whether we consider our resources, our receipts, our expenditures, or the varied industry of our people, we must conclude that we are not justified in paying rates of interest so far in excess of other Nations.

"Again, sir, the present rate of interest is a war rate, and the distinction between a war rate and a peace rate is recognized by all writers on the subject. England was compelled to sell many of her three per cent. annuities at some sixty cents on the dollar; but even England, when she was involved in the great war with Napoleon, never paid anything like the rate of interest that we pay. It seems from the report of one of the Revenue Commissioners, which is very full of facts and details on this subject, that the average rate of interest, paid by Great

Britain, during her war of eight years with the French Republic, was £4 17s. per £100, a little less than five per cent.; that during the year 1802 it was reduced to £4 4s.; that during the war with the French Empire it was £4 15s.; that from the end of the war until 1821 it was £4 5s., or four and one-fourth per cent.; and that the average rate during the whole period of the war was four and three-fifths per cent., reduced to a specie standard; and yet we have paid, uniformly, six per cent. in gold, while we receive paper for our bonds. At one time during the war, we paid at the rate of thirteen or fourteen per cent. on money, counting the difference between gold and paper. Such a thing as that would exhaust any country except ours. We are able to borrow and get it from the people; but it is plain that at the very earliest moment we must go back to something like a reasonable rate of interest. We must not tear from our people, the results of their labor and pay for it for purposes of this kind, when there is no necessity. I take it, therefore, as an axiom with which to set out, that we ought to reduce the rate of interest. I expect to live to see the time when the rate of interest in this country will not be over three or four per cent., and now we propose to reduce it, on new loans, to five per cent.

"There are one or two collateral views that Senators might reflect upon with great propriety. First, there is the influence of these high rates of interest on the industry of our country. I have a letter here, which probably presents this point as clearly as I can, from an intelligent citizen of New York. I will read a short extract. He speaks of the effects of high rates paid by the Government in the city of New York. He says:—

> "'A powerful cause, which exposes the poor, and persons of limited means, to such high rents, is found in the rates of interest established by National and State laws, and the increased value given to money by such legislation. During the rebellion, the Government offered a higher rate of interest than the laws of New York and the seaboard States generally, had established as legal; hence investments in United States securities now realize more than two per cent. over bonds and mortgages in New York. Capitalists have, therefore, been withdrawing money from real estate loans to invest them in higher rates in Governments. This policy affects scores of millions of capital. It has a direct tendency to limit and retard building and discourage all State developments. It has entirely unsettled the whole system of the demand and supply for money for private enterprises. Every day an unprecedented number of houses and lots are thrown on the market, either from the inability of the bor-

rower to pay off his mortgages or debts in any other way, or from the imperative necessity of raising money to prosecute old business or start new. These enforced real estate sales benefit the capitalists alone, who in return demand at least fifteen per cent. on their new property; and those who are obliged to rent are thus held at their mercy.

'Before the war, capitalists and corporations were ready to loan from fifty to seventy per cent. on real estate securities. With from two to five thousand dollars on hand, a man could buy and build with a certain reliance on a loan, while his future earnings, with a gradual advance of property, would ultimately give him a clear title to a home for himself. In this way many thousands of new dwellings were constructed in New York; but the arrest of this system has put our population into the hands of the landlords, and they will hold the power till the system is changed. If the poor became rich they would do the same.'

"The effect of these high rates, paid by the Government, is not only to absorb the floating capital of the country, but to deter men from engaging in enterprise; and therefore all over cities of the United States it is a common remark, 'It is impossible to get houses.' In the west the cry is distressing. In all the cities it is impossible to get a house at a fair rent. The rent absorbs all a man's little earnings. The result is, the people are crowded into tenements, half a dozen families in a room; and all this grows out of the advance in rents, together with the high prices of the necessaries of life. By paying this high rate of interest we compete with every industry; with the railroad companies in the sale of their bonds; with the manufacturers in the building of new warehouses; with all classes by offering a higher rate of interest than we allow the courts to enforce for them. During the war that was necessary; we could not avoid it; but it is not necessary now.

"The leading objects of this bill are to fund the public debt and to reduce the interest."

While the war was flagrant only a few men had the temerity to oppose the great financial measures necessary to furnish the means of war, but it had no sooner closed than a flock of financial empirics appeared in Congress and in the country with prescriptions ranging from pure and undisguised repudiation to a simple dilution of the monetary circulation. Public men who, during the war, had stood strongly for the legal-tender acts and for the issue of bonds,

payable, principal and interest in gold, wavered, after the war was over, upon the subject of payment. Some went over to the fiat money side, and added strength and dignity to a movement which otherwise might not have seriously disturbed or delayed the return to a sound financial basis. In the House, General Garfield is entitled to great credit, and he won great distinction for able and effective work in rolling back this tide of National dishonor. In the Senate, John Sherman, although ably supported by Senators on his side of the Chamber, is entitled to the credit of having fought back in Congress the numerous and persistent movements for cheap money and repudiation, and he also contributed, as much as any other man, to the education of the public mind upon the questions involved in this monetary and financial controversy which followed the war.

Mr. Pendleton, at one time proposed that the Government should issue $1,500,000,000 of greenbacks and pay off the five-twenty bonds. A member of Congress from Illinois introduced a bill for the issue of $700,000,000 more of greenbacks —another member for an issue of a $1,000,000,000, and so on until it seemed that men of prominence and presumed knowledge had forgotten all the lessons taught by experience, or in spite of such lessons, they were anxious to embark upon the shoreless sea of an irredeemable paper currency. So high did the fever run, that so conservative a man as Holman, of Indiana, gave expression to the following as a sound monetary proposition:—

"The gentleman who draws a distinction between money and the greenback as a promise to pay, merely plays upon words. The stamp of current value on gold or silver is regulated by law, its value is fixed by law; and, unless restrained by the Constitution, the lawmaking power of this country can fix that monetary value, the quality of the legal-tender, as well upon paper as upon gold and silver. In the one instance as well as in the other, the representative value is fixed by law, and this is clearly true while gold and silver are the common representatives of value throughout the world; but as lawful money of the United States, gold and silver and the United States notes alike, depend on the law of the land for their value."

Mr. Holman was given the sobriquet of "watch-dog of the Treasury," and he was justly entitled to it. In his many years of service in the House he saved the Government many millions of dollars by his objections to bills, and his opposition to schemes to draw money from the Treasury. He was a careful, honest legislator, and the extent to which the public mind had been drugged and depraved, by the cheap money heresies, may be somewhat appreciated in reading this declaration. Even old Thaddeus Stevens was under the influence, and so deeply was he impressed that he announced it as his opinion that the bonds should be paid by an issue of greenbacks. Benjamin F. Butler, an old time hard-money Democrat, but a brave and loyal Union man throughout the war, was one of the leaders of the greenback movement. Judge Kelley, of Pennsylvania, the great Republican protectionist, was one of the ablest, as he was one of the most influential exponents of the paper-money creed.

It became evident toward the close of the first session of the Thirty-ninth Congress that no refunding legislation could be passed. The Act of April 12, 1866, authorizing the Secretary of the Treasury to sell six per cent. bonds to pay the maturing debt and for accruing liabilities, provided present means to meet the demands upon the Treasury, and the disagreement between the President and his party diverted attention from questions of finance. After the speech above referred to, Mr. Sherman abandoned hope of any legislation at this session. His attitude on the issue between Congress and the President is clearly shown in a letter of July 8th, 1866, to General Sherman, from which the following is quoted:—

UNITED STATES SENATE CHAMBER,
WASHINGTON, JULY 8, '66.

*Dear Brother*:—

It is now wise for you to avoid all expression of political opinion. Congress and the President are now drifting from each other into open warfare. . . . As to the President he is becoming Tylerized. He was elected by the Union party for his openly expressed radical sentiments and now he seeks to rend to pieces this party. There is a sentiment among the people that this is dishonor. It looks so to me. What

Johnson is, is from and by the Union party. He now deserts it and destroys it. He may varnish it up, but, after all, he must admit that he disappoints reasonable expectations of those who intrusted him with power. . . . Besides he is insincere, he has deceived and misled his best friends. I know that he led many to believe he would agree to the Civil Rights Bill, and nearly all who conversed with him, until within a few days, believed he would acquiesce in the amendments and even aid in securing their adoption. I almost fear he contemplates civil war. Under these circumstances you, Grant and Thomas ought to be clear of political complications. As for myself, I intend to stick to finance, but, wherever I can, I will moderate the actions of the Union party, and favor conciliation and restoration. Affectionally yours,

JOHN SHERMAN.

General Sherman was naturally disposed to take sides against the politicians, and the Senator, no doubt fearing that he might, upon the impulse of the moment, express himself in such way as to impair his usefulness as a soldier in the impending contest, wrote him this letter. The General was also inclined to take sides with the weaker party, and if he should conclude that the President was being persecuted by Congress, there was danger that he might espouse his cause, and thus lose that influence which he had justly earned as one of the foremost soldiers of the Nation. At the close of the session, which ended on the twenty-eighth day of July, General Sherman went upon an inspecting tour of the army posts of the West, and was accompanied by the Senator. This continued until the opening of the fall campaign in Ohio. On his return, Mr. Sherman took part in the canvas of the State for the Republican candidates, and spoke in many of the counties. There were several issues made by the respective platforms of the parties, the most important of which was the Democratic declaration against granting the right of suffrage to the freedmen, but the questions discussed, almost exclusively, related to the disagreement between Mr. Johnson and the Republican party. During the campaign, the President, Secretaries Seward and Welles, Generals Grant, Steadman, Rosseau, McCallum and Custer, and Admiral Farragut visited Columbus and, while there, the President made a

speech from the Capitol steps, in which he defended his policy of reconstruction, and his abandonment of the Union party. Notwithstanding this, the Union party carried the State by forty-two thousand majority, and elected sixteen out of the nineteen members of Congress. The Congressional elections in the fall resulted in the election of a large Republican, or Union, majority in the House of Representatives.

## CHAPTER XXV.

SHERMAN'S BILL PROVIDING FOR PAYMENT AND CONSOLIDATION OF PUBLIC DEBT.—TARIFF REVISION.—SHERMAN ENTITLED TO CREDIT FOR WOOL TARIFF OF 1867.—COLLOQUY BETWEEN SENATORS EDMONDS AND SHERMAN.—THE THIRTY-NINTH CONGRESS.

DURING the second session of the Thirty-ninth Congress, Senator Sherman introduced a bill to consolidate and provide for the payment of the National debt. He announced when the bill was introduced, that he did not expect action on it at the short session, owing to the press of other business, but he desired it printed for information, and that at the next session he would press consideration.

At this session a tariff revision was attempted, but failed. When the bill was under consideration in the Senate, Mr. Sherman participated freely and with effect in the debate and on the twenty-third day of February he delivered a long and able speech on the bill, and upon the general subject of tariff taxes. This speech illustrates very happily one of Mr. Sherman's characteristics,—one that always appeared where there was a diversity of opinion upon any question of importance, pending in the Senate. This characteristic was his conservatism. He was a man of strong opinions and some prejudices, but he almost invariably occupied a position between the extremes and his influence was always exerted, and powerfully so in most cases, to bring these extremes to a middle ground where his party could unite. In 1867, when this bill was being debated in the Senate, there was the usual apparent clashing of interests. The manufacturers wanted their raw material cheap and to them everything was raw material which entered into the fabrication of their finished

product, however much labor may have been bestowed upon that so-called raw material by some one else. The woolen manufacturers of New England treated wool as a raw material, although the farmer was very certain that it was his finished product. In this speech Mr. Sherman made a very able argument for increased protection to agricultural interests. There was a strong opposition to the increase of duty on wool provided for in the bill. To this opposition and to the arguments supporting it, he addressed himself. He showed that no protective duty could be sustained if it was considered solely in the view that it increased the cost of the article to the consumer.

The bill passed the Senate, but failed in the House. There was a bill pending in the Senate, at the time of the debate on the General Tariff Bill, to increase the duties on wools and woolens. This bill had passed the House and there was a chance of its becoming a law, if it could be passed in the Senate without amendment, but so nearly was the session spent that if the bill was amended there was little probability of its getting through the House. Mr. Sherman undertook the task of getting the bill through, but he desired to amend it, so as to substitute the Senate bill on the same subject. It should be remembered that at this time party lines were not so closely drawn upon the tariff as they were at a later period. The bill had not been reported by the Finance Committee, so the first parliamentary step was to relieve the committee of the further consideration of the bill and he made a motion to relieve the committee and the motion was agreed to. The bill then being before the Senate, Mr. Sherman made a very brief explanation of the bill and its history, submitted the amendment, and asked for a vote. Objection was made to the consideration under a rule requiring reports of committees to lie over one day after they were made before being taken up for consideration; this objection the President of the Senate sustained, but he held that it was in order to move to take up the bill. Mr. Sherman made the motion and it was agreed to. Before a vote could be reached the morn-

ing hour had expired, and the bill was superseded by the unfinished business.

On the next day, March 2nd, Mr. Sherman, at the first opportunity, moved to resume consideration of this bill (H. R. No. 792), to increase the duties on wools and woolens, and he immediately withdrew his amendment. It was evident by this time that if the bill could be got through it must not go back to the House. It was now after twelve o'clock midnight, and a motion to adjourn to eleven o'clock prevailed. There was the usual rush and confusion attending the closing of a session of Congress. Senator Sherman was at his post waiting an opportunity to call up the Wool Bill. As the day's session advanced Senators were pressing their bills for passage, and every hour that passed decreased the chances of the Tariff Bill. Senator Poland, of Vermont, asked leave to make a report from a committee of conference. Senator Sherman objected until the Wool Tariff Bill was passed. The morning hour had expired, and the Tariff Bill had the right of way as the unfinished business. The Senator from Vermont claimed that his report was a privileged one, and was entitled to consideration before the unfinished business. The chair did not decide the point but entertained a motion made by the Senator from Vermont to take up his report. The yeas and nays were demanded and taken, and the motion lost. This brought the Wool Tariff Bill up for consideration upon an amendment previously offered by Senator Cattell, of New Jersey, to increase the duties on all goods, wares, and merchandise, except on sugar, molasses, tea, coffee, salt, coal, crude dye-woods, soda-ash and bleaching powders, twenty per cent. The proposition contained in the amendment was for a horizontal raise of twenty per cent. upon every dutiable article, except upon those excluded by the exception. It was debated at some length, and while many Senators were favorable to an increase of duties, a considerable number of those opposed the amendment because the adoption of the amendment meant the failure of the bill. Mr. Sherman, in opposing the amendment, said:—

MR. SHERMAN: "I have but one rule in matters of this kind, and that is to accomplish as much good as I can, and only attempt that which I can accomplish. Here is a bill which the House has passed, upon full and careful consideration, the result of mature deliberation; which we can now pass and make a law. We know that any amendment to this bill at this stage of the session necessarily defeats it."

MR. EDMUNDS: "We do not know anything of the sort."

MR. SHERMAN: "It is absolutely so, without any reference to the proceedings of the other House; and the question is whether we will, by indirection, defeat a bill which has already received the sanction of the Senate by a vote of four to one. That is all there is about it."

MR. EDMUNDS: "I think my friend is mistaken in saying 'that is all there is about it.'"

The question on the amendment was taken by yeas and nays, and resulted in the defeat of the amendment by a vote of seventeen yeas to twenty-eight nays.

Mr. Johnson demanded the yeas and nays on the passage of the bill, and Mr. Henderson, of Missouri, gave the bill a parting shot, as follows:—

MR. HENDERSON: "Before the vote is taken, I simply desire to say that this is an illustration to our Eastern friends of the workings of the tariff. This is tariff to satiety. This perhaps is an over-dose. This is commending to them the poisoned chalice. As my friend from Rhode Island just now said, we are delivered into the hands of the Philistines."

The bill passed, by a vote of thirty-one to twelve.

The rate provided in this bill upon wool remained for years, and became popularly known as "the duty of '67." Under the law, the wool industry became prosperous, and continued prosperous while this rate was maintained. To no man so much as to Mr. Sherman were the wool interests indebted for the passage of this measure. It was his skillful management of the bill in the Senate that brought it to a vote.

At this session Senator Sherman was the means of securing an appropriation for the Agricultural Department, which inaugurated that policy which has since made it one of the

great departments of the Government. Before that time this department, at the head of which was a commission, had been illy supported by appropriations. When the Sundry Civil Appropriation Bill was up in the Senate, Mr. Sherman moved an amendment giving one hundred thousand dollars for a building for this department. This amendment prevailed.

At the last session of the Thirty-ninth Congress, provision was made for the meeting of the Fortieth Congress on the fourth of March, 1867. The President had taken a position of open defiance of Congress, and it was deemed advisable to keep Congress in session, because it was feared that the President would recognize the reorganized insurgent States, before they had complied with the conditions imposed by Congress.

The work of the Thirty-ninth Congress was wise, patriotic and notable. Of it, Hon. Schuyler Colfax, Speaker of the House of Representatives, wrote eloquently and truly as follows:—

"The Congress, that has just passed away, has written a record that will be long remembered by the poor and friendless whom it did not forget. Misrepresented or misunderstood by those who denounced it as enemies, harshly and unjustly criticised by some who should have been its friends, it proved itself more faithful to human progress and liberty than any of its predecessors. The outraged and oppressed found, in these Congressional Halls, champions and friends. Its key-note of policy was protection to the down-trodden. It quailed not before the mightiest, and neglected not the obscurest. It lifted the slave, whom the Nation had freed, to the full stature of manhood. It placed on our statute books the Civil Rights Bill as our Nation's Magna Charta, grander than all the enactments that honor the American code; and in all the region whose civil governments had been destroyed by a vanquished rebellion, it declared as a guarantee of defense to the weakest that the freeman's hand should wield the freeman's ballot; and that none but loyal men should govern a land which loyal sacrifices had saved. Taught by inspiration that new wine could not safely be put in old bottles, it proclaimed that there should be no safe or loyal reconstruction on a foundation of unrepentant treason and disloyalty."

## CHAPTER XXVI

THE OPENING OF THE FORTIETH CONGRESS.—SENATOR SHERMAN THE SECOND TIME BECOMES CHAIRMAN OF FINANCE COMMITTEE.—SENATOR SUMNER.—THE RIGHT OF THE HOUSE TO ORGANIZE QUESTIONED.—IMPEACHMENT RESOLUTION INTRODUCED BY MR. ASHLEY, OF OHIO.—DEBATE ON RESOLUTION.—MAIDEN SPEECH OF GENERAL B. F. BUTLER.—COMMITTEE ON IMPEACHMENT.—RESOLUTION TO IMPEACH DEFEATED.

IN ACCORDANCE with the provisions of the law of the previous Congress, the Fortieth Congress met in its first session on the fourth of March, 1867. Senator Sherman, with this Congress, began his second term in the Senate. General Schenck and John A. Bingham, both leading and most distinguished Members of the House, were candidates against him for renomination, but Mr. Sherman was easily nominated and subsequently elected, against Allen G. Thurman, the Democratic candidate. Two men entered the Senate of this Congress who were to achieve great prominence. The first was Roscoe Conkling, who had already won distinction by service in the House. The second was Oliver P. Morton, who already had a National reputation as the great War Governor of Indiana. Senator Morton became, almost immediately, a powerful factor in the debates and legislation of the Senate. The first important question to engage the attention of the Senate was legislation supplementary to the Reconstruction Act and, in the debates, Mr. Morton participated with tact and understanding, and with such a readiness in parliamentary discussion that he won, in the first few days of his service, a prominent position in the body.

At the beginning of this Congress, Senator Fessenden voluntarily retired from the chairmanship of the Finance Com-

mittee, and Senator Sherman became chairman of that Committee for the second time. He was now in position to work more effectively toward a consummation of certain financial purposes, which he had determined upon, than at any time since the closing of the war. This session, however, was not the time to consider financial measures. It was in the nature of an extra session called by Congress itself, to guard against certain dangers, which have been adverted to. Conditions in the insurgent States were very unsatisfactory. The Confederates had come back to power in the State Governments, and they were determined either to maintain control, or defeat reconstruction under the law passed by the Thirty-ninth Congress. Early in this session Senator Sumner presented a series of resolutions in the Senate, which declared certain propositions, which it was thought had been settled, or left behind, and added some new conditions to the Reconstruction Act. These resolutions occasioned a sharp debate between the Massachusetts Senator and Mr. Sherman. The Ohio Senator objected to the resolutions upon the ground that it was not fair to impose conditions upon the return of the rebel States, which were not imposed by the Reconstuction Act just passed. He said these States should have a fair opportunity to comply with that Act, and that if, after a reasonable time, it became evident that they were attempting to evade its just provisions, then such new conditions or provisions might be added as seemed necessary.

An incident of this discussion between these two eminent Senators evinced that Mr. Sumner still remembered an observation of Mr. Sherman, made more than four years before, in reference to another series of resolutions, which the Senator from Massachusetts had presented in the Senate, although the matter seemed to have entirely passed from the mind of the Senator from Ohio. The former resolutions declared the doctrine of dead States, — that the rebels had carried their States out of the Union, and that they should be governed, when conquered, as foreign provinces. These propositions Senator Sherman had denounced somewhat harshly, and said

that the doctrine of the Senator from Massachusetts was as dangerous and obnoxious as the doctrine of Jefferson Davis. Of this Mr. Sumner made complaint, and had read this portion of the Ohio Senator's speech. He argued that the Senator from Ohio had changed his mind, and was now in agreement with him that the States were destroyed, — out of the Union, and that their reconstruction or readmission should proceed on that theory. Mr. Sherman replied that if the Senator from Massachusetts designed to show that he had changed his mind many times and upon many questions he could easily succeed, but he asserted that he then stood, as he always had, for the doctrine that the rebel States were never out of the Union, but that their local governments had been destroyed, — obliterated by the rebellion, and that they would have to be rebuilt, — the States rehabilitated.

While this discussion and other matters were proceeding in the Senate, the House was experiencing, in practical form, the most exasperating phase of the rebellion; or more properly that aftermath of the rebellion whose odious odor was more offensive than treason itself. The southern men with southern interests who participated in the rebellion, and after it was over frankly and honestly accepted its results, have been forgiven long ago; but the northern men with northern interests who gave verbal aid and comfort to the rebellion, and after it was over sought to annul or render void the decree of battle, have yet the bar sinister across their names.

At twelve o'clock noon on the fourth of March, and immediately upon the adjournment of the House of the Thirty-ninth Congress *sine die*, Hon. Edward McPherson, clerk of the House, called the members elect of the Fortieth Congress to order.

Mr. Wilson, of Iowa, addressed the Clerk, and moved that the House proceed to the election of a Speaker of the House of Representatives of the Fortieth Congress. Hon. James Brooks a Representative from New York, objected to the organization of the House upon the ground that sixteen States were not represented. Ten of these States were the rebel

States, which had refused to come back upon the terms offered in the fourteenth amendment, or upon any terms which did not permit the reëntrance into Congress of the old rebel guard whose flag was never struck until borne down in battle. The other six States were unrepresented in the House temporarily, but all of them were represented in the Senate. The claim was made by Mr. Brooks that no legal organization of the House could be effected until these States were represented. This simply meant that the legislative functions of the Federal Government should be suspended until it should suit the convenience of the last rebel State to send representatives to Washington. If this bloodless, but effective revolution could be operated, thereafter bloody revolutions would be unseemly and unnecessary.

The gentleman who had the temerity to make this objection, and put it upon the ground he did, had been the candidate of a party for Speaker of the House in the previous Congress. He was a man whom exuberance of language had elevated into a prominence dangerous to possess, unless the position is well fortified by brains and a sound judgment. After some remarks, Mr. Brooks presented and asked to have spread on the "Journal" a protest against the organization of the House, signed by the thirty-one Democratic members elect. The clerk declined to receive the protest, and the House proceeded in the organization, by electing Hon. Schuyler Colfax, Speaker.

A few days later, when the subject of impeaching the President was under discussion in the House, Benjamin F. Butler thus referred to the position occupied by Mr. Brooks:—

"I would not have troubled the House with a single observation, but for the new points which have been thrown into the case by the condition of public affairs. One was made by the gentleman from New York (Mr. Brooks), when this House was organizing, that this was not a constitutional body for the transaction of legitimate business, because a portion of the States, that had not destroyed themselves, was not represented. Sir, I wish to answer that the First Congress of the United States, which counted the votes and declared George Washington Presi-

dent of the United States, assembled with only a quorum of each body; there being at that time but eleven States in the Union, and only a bare majority of the Members, both in House and Senate, was present. Both Houses adjourned from day to day until a majority appeared and the moment they thus obtained a quorum, that moment they proceeded to the great business of organizing the Government, by making George Washington President, and going into general legislation. Therefore we stand by the fathers, for if a bare quorum of the Representatives elect to the First Congress of the United States, and only a bare majority of the States composing the Union, could make George Washington President, cannot this House unmake Andrew Johnson." (Laughter.)

During the last session of the Thirty-ninth Congress, Hon. James M. Ashley, a Representative from Ohio, introduced in the House a resolution impeaching Andrew Johnson, President of the United States. The resolution directed the Committee of the Judiciary to inquire into the official conduct of the President, and to report whether he "while in office had been guilty of acts which are designed or calculated to overthrow, subvert or corrupt the Government of the United States," or whether he had been guilty of acts which would constitute "high crimes and misdemeanors," requiring the interposition of the House looking to his impeachment.

At this time the sound, conservative judgment of Republicans was, that the proposition looking to impeachment proceedings was ill-advised as to time, and perhaps unfounded in fact. The wisest men in the party saw great danger in the heated controversy which must attend and characterize the removal of the chief Executive officer of the Nation, they saw great danger in the attempt to remove him, whatever might be the result. Many voted for the proposition of Mr. Ashley, who did not at all intend to sanction the string of offenses which the resolution contained in its recitals, and many voted for it because they believed that the matter could be disposed of in the Committee of the Judiciary, and thus relieve the House of the consideration of the subject. So the proposition was agreed to, by a vote of 108 to 38. Between this and the convening of the next Congress the

Judiciary Committee investigated the subject of impeaching the President, and a day or two before the expiration of the Thirty-ninth Congress the Committee reported that it had examined many witnesses, and gathered many documents, but that sufficient evidence had not been received to justify further proceedings in the premises. Thus the matter stood when the Thirty-ninth Congress adjourned without day.

On the third day of the first session of the Fortieth Congress Mr. Ashley introduced another resolution, reciting the fact that a partial inquiry had been made into the subject of impeachment, and directing the Committee of the Judiciary, when appointed, to continue the investigation "authorized in said resolution of January 7, 1867." Mr. Ashley made a speech in support of his proposition — it was not a judicious speech with which to initiate a Judicial inquiry; the delivery was heated, and the statements were exaggerated. At one point he was called to order by the Speaker for referring to the means by which the President entered into the office as "the door of assassination." The situation, however, was so strained, and so unnatural from a political point of view, and the conduct of the President so exasperating that it is not remarkable that a man as earnest as Mr. Ashley should fall into some exaggeration in the manner and substance of his speech. Mr. Ashley yielded five minutes of his time to his colleague, Mr. Spaulding, of Ohio, and he used the time in a fervid denunciation of the proposition looking to impeachment. In this he was helped along by the Democratic brethren, who by this time had elevated Mr. Johnson to one of the pedestals in the Democratic pantheon. Mr. Spaulding likened the trend of affairs to those of the days of Cromwell, in England, and of Marat and Robespierre, in France, when, one day men in the foremost ranks of the radicals, were the next found with their heads on the block, or under the guillotine, because the rapidity of events had left them behind. He inquired "Is this to be our condition in this country?" A rabid Democrat from Illinois answered, "That is the road we are travelling."

The Ohio Representative, instead of being discouraged by encouragement from this source, shot again. He referred to the radical measures relating to reconstruction, and asserted that even these measures were not radical enough for some gentlemen, and "they now cry for the head of the Executive." This time Fernando Wood, whose persistent opposition to all the war measures is one of the odious episodes of the war, cheered him up by saying, "They want more blood."

The debate upon the resolution was continued during most of the day. General Butler made his maiden speech in the House upon this resolution, in which he supported the proposition to impeach. That pungent, personal quality of speech for which General Butler was then known, but for which afterwards he became notorious, appeared in this utterance. His reply to the argument of Mr. Brooks has already been quoted. He paid his respects to Mr. Spaulding, as follows. After referring to the acts of usurpation and misuse of executive power, charged against the President, he said:—

"Those are open and known to all men; ay, even the gentleman from Ohio (Mr. Spaulding), must have heard of them, however much he may have slept through the events of the last year."

The resolution was adopted and the committee continued the investigation; no report was made until the twenty-fifth of November, at which time three reports were presented; the majority report, concurred in by Mr. Boutwell, Mr. Thomas, Mr. Williams, Mr. Lawrence and Mr. Churchill presented a resolution, and recommended its adoption that "Andrew Johnson, President of the United States, be impeached of high crimes and misdemeanors." The chairman of the Judiciary Committee, Mr. Wilson, and Mr. Woodbridge, filed a minority report, asking that the Committee be relieved of the further consideration of the matter. The two Democrats of the Committee favored the minority report, but in addition to the request of the minority, they urged the exoneration of the President from the charges. This was the status of the proceedings

of impeachment, when the Congress adjourned the last of the extraordinary sessions, on the second day of December, 1867.

On the same day, at noon, the first regular session of the Fortieth Congress convened. On the fifth day of December, the report of the Judiciary Committee was taken up, and, after a long and elaborate speech by Mr. Boutwell, for the majority report, and a speech by Mr. Wilson, chairman of the Committee, in favor of the minority report, the House rejected the resolution of impeachment by a vote of 108 nays to 37 yeas. This, for the time being, ended the attempt to impeach the President.

## CHAPTER XXVII.

THE GRANT AND SHERMAN LETTERS.—INCIDENTS LEADING TO THE SECOND ATTEMPT TO IMPEACH PRESIDENT JOHNSON.

LATE in the year, 1867, and in the early part of 1868, a series of letters passed between the President, General Sherman, General Grant and Senator Sherman, which constitute one of the interesting episodes of that exciting time. When the President had suspended Secretary Stanton, and placed Grant at the head of the War Department, he ordered General Sherman to Washington, and proposed to create for him a new division to be known as the "Division of the Atlantic." General Sherman was adverse to going to Washington, or to being placed in any position where he might become complicated in the political quarrels at the Capital. Between him and General Grant the closest friendship had existed, and he feared that his assignment to duty at Washington might bring them into conflict, and especially in the superheated condition of affairs.

The President suspended Secretary Stanton in August, and directed Grant to take charge of the War Department as Secretary *ad interim*. Stanton, under protest and under stress of force, as he expressed it, surrendered the office to General Grant. At the beginning of the Congress in December the President submitted his reasons to the Senate for the suspension of the Secretary of War. The Senate refused to consent to the suspension, and General Grant relinquished the office, and Stanton again took possession, sometime in January.

In October, 1867, while at Washington, where he had gone

in obedience to the summons of President Johnson, General Sherman wrote this letter to the Senator:—

WASHINGTON, October 11, 1867.

*Dear Brother:* —

I have no doubt that you have been duly concerned about my being summoned to Washington.

It was imprudently done by the President without going through Grant. But I think I have smoothed it over so that Grant does not feel hurt. I cannot place myself in a situation even partially antagonistic with Grant. We must work together. Mr. Johnson has not offered me anything, only has talked over every subject, and because I listen to him patiently, and make short and decisive answers, he says he would like to have me here. Still he does not oppose my going back home. . . .

On Monday I will start for St. Louis by the Atlantic and G. W. road, and pass Mansfield Tuesday. Can't you meet me and ride some miles? I have been away from home so much, and must go right along to Fort Laramie, that I cannot well stop at Cleveland or Mansfield, and would like to see you for an hour or so to hear your views of the coming events. . . . Yours affectionately,

W. T. SHERMAN.

After his return to St. Louis, General Sherman wrote the following letter to his brother:—

. . . "I have always talked kindly to the President, and have advised Grant to do so. I do think that it is best for all hands that his administration be allowed to run out its course without threatened or attempted violence. Whoever begins violent proceedings will lose in the long run. Johnson is not a man of action but of theory, and so long as your party is in doubt as to the true mode of procedure, it would be at great risk that an attempt be made to displace the President by a simple law of Congress. This is as much as I have ever said to anybody. I have never, by word or inference, given anybody the right to class me in opposition to, or in support of, Congress. On the contrary, I told Mr. Johnson that, from the nature of things, he could not dispense with a Congress to make laws and appropriate money, and suggested to him to receive and make overtures to such men as Fessenden, Trumbull, Sherman, Morgan and Morton, who, though differing with him in abstract views of constitutional law and practice, were not destructive. That if the congressional plan of reconstruction succeeded, he could do nothing, and if it failed or led to confusion, the future developed results in his favor, etc.; and that is pretty much all I have ever said or

done. At the meeting of the Society of the Army of the Tennessee on the thirteenth inst., I will be forced to speak, if here, and though I can confine myself purely to the military events of the past, I can make the opportunity of stating that in no event will I be drawn into the complications of the civil politics of this country.

If Congress could meet and confine itself to current and committee business, I feel certain that everything will work along quietly till the nominations are made, and a new presidential election will likely settle the principle, if negroes are to be voters in the States without the consent of the whites. This is more a question of prejudice than principle, but a voter has as much right to his prejudices as to his vote." . . .

In answer the Senator wrote as follows:—

MANSFIELD, OHIO, November 1, 1867.

*Dear Brother:—*

. . . I see no real occasion for trouble with Johnson. The great error of his life was in not acquiescing in and supporting the fourteenth amendment of the Constitution in the Thirty-ninth Congress. This he could easily have carried. It referred the suffrage question to each State, and if adopted long ago, the whole controversy would have culminated; or, if further opposed by the extreme radicals, they would have been easily beaten. Now I see nothing short of universal suffrage and universal amnesty as the basis. When you come on, I suggest that you give out that you go on to make your annual report and settle Indian affairs. Give us notice when you will be on, and come directly to my house, where we will make you one of the family.

Grant, I think, is inevitably the candidate. He allows himself to drift into a position where he can't decline if he would, and I feel sure he don't want to decline. My judgment is that Chase is better for the country and for Grant himself, but I will not quarrel with what I cannot control.

JOHN SHERMAN.

From the following communication from General Sherman it will appear that the purpose of the President in getting him to Washington was to have General Sherman exercise the duties of Secretary of War. A short time prior to this time, the President and General Grant had become engaged in a controversy which grew into a breach, wide and irreconcilable. The President desired Grant to hold the war-office, notwithstanding the action of the Senate in re-

fusing to consent to Stanton's suspension until a judicial determination could be obtained of the question, as to whether the consent of the Senate was necessary to the suspension or removal of a Cabinet officer. In this letter General Sherman attempts to argue the President out of some of his notions, and especially to show him that the Secretary of War would be powerless to obstruct the course of business in the War Department if the Executive would exercise the undoubted power he possessed, as Commander-in-Chief of the Armies. The letter is as follows:—

(Confidential.) LIBRARY ROOM, WAR DEPARTMENT, WASHINGTON, D. C., January 31, 1868.

*To The President:—*

Since our interview of yesterday, I have given the subject of our conversation all my thoughts, and I beg you will pardon my reducing the result to writing.

My personal preferences, if expressed, were to be allowed to return to St. Louis to resume my present command, because my command was important, large, suited to my rank and inclination, and because my family was well provided for there, in house facilities, schools, living and agreeable society.

Whilst, on the other hand, Washington was for many (to me) good reasons highly objectionable. Especially because it is the political capital of the country and focus of intrigue, gossip, and slander. Your personal preferences were, as expressed, to make a new department, east, adequate to my rank, with headquarters at Washington, and to assign me to its command,—to remove my family here, and to avail myself of its schools, etc.; to remove Mr. Stanton from his office as Secretary of War, and have me to discharge the duties.

To effect this removal, two modes were indicated: To simply cause him to quit the War-office building and notify the Treasury Department and the army staff departments no longer to respect him as Secretary of War; or to remove him, and to submit my name to the Senate for confirmation. Permit me to discuss these points a little, and I will premise by saying that I have spoken to no one on the subject, and I have not even seen Mr. Ewing, Mr. Stanbery, or General Grant, since I was with you.

It has been the rule and custom of our army, since the organization of the Government, that the officer of the army, second in rank, should be in command at the second place in importance, and remote

from general headquarters. To bring me to Washington would put three heads to an army,—yourself, General Grant, and myself,—and we would be more than human if we were not to differ. In my judgment it would ruin the army, and would be fatal to one or two of us.

Generals Scott and Taylor proved themselves soldiers and patriots in the field, but Washington was fatal to both. This city and the influences that centered here defeated every army that had its head here, from 1861 to 1865, and would have overwhelmed General Grant at Spottsylvania and Petersburg, had he not been fortified by a strong reputation already hard earned, and because no one, then living, coveted the place. Whereas in the West we made progress from the start, because there was no political capital near enough to poison our minds and kindle into light that craving itching for fame which has killed more good men than bullets. I have been with General Grant in the midst of death and slaughter,—when the howls of people reached him after Shiloh; when messengers were speeding to and fro, between his army and Washington, bearing slanders to induce his removal before he took Vicksburg; in Chattanooga, when the soldiers were stealing the corn of the starving mules to satisfy their own hunger; at Nashville, when he was ordered to the 'forlorn hope' to command the army of the Potomac, so often defeated—and yet I never saw him more troubled than since he has been in Washington, and has been compelled to read himself a 'sneak and deceiver,' based on reports of four of the Cabinet, and apparently with your knowledge. If this political atmosphere can disturb the equanimity of one so guarded and so prudent as he is, what will be the result with one so careless, so outspoken, as I am? Therefore, with my consent, Washington never.

As to the Secretary of War, his office is twofold. As cabinet officer he should not be there without your hearty, cheerful consent, and I believe that is the judgment and opinion of every fair-minded man. As the holder of a civil office, having the supervision of moneys appropriated by Congress, and of contracts for army supplies, I do think Congress, or the Senate by delegation from Congress, has a lawful right to be consulted. At all events, I would not risk a suit or contest on that phase of the question. The law of Congress of March 2nd, 1867, prescribing the manner in which orders and instructions relating to 'military movements' shall reach the army, gives you, as constitutional Commander-in-Chief, the very power you want to exercise, and enables you to prevent the Secretary from making any such orders and instructions, and consequently he cannot control the army, but is limited and restricted to a duty that an auditor of the Treasury could perform. You certainly can afford to await the result. The Executive power is is not weakened, but, rather, strengthened. Surely he is not such an obstruction as would warrant violence or even a show of force, which

could produce the very reaction and clamor that he hopes for, to save him from the absurdity of holding an empty office 'for the safety of the country.'

With great respect, yours truly,

W. T. SHERMAN.

But the President was determined to oust Secretary Stanton or transfer his duties to some one else. The popularity of General Sherman, his strong hold upon the affections of the people,— made him the victim of the President's designs. To displace Stanton against the previous action of the Senate, and against public sentiment, was to hazard a good deal, to satisfy personal spite, but to do it with a weak man would be suicidal, and for that reason Mr. Johnson aimed to throw General Sherman's great strength, as a soldier, as a shield between him and the consequences of his act.

As a last effort to escape from a position which promised only discomfiture and perhaps worse, General Sherman, on the fourteenth of February, wrote the President, as follows:—

HEADQUARTERS MILITARY DIVISION OF THE MISSOURI,
ST. LOUIS, MO., February 14, 1868.

*To the President:—*

DEAR SIR:—It is hard for me to conceive you would purposely do me an unkindness, unless under the pressure of a sense of public duty, or because you do not believe me sincere.

I was in hopes, since my letter to you of the thirty-first of January, that you had concluded to pass over that purpose of yours, expressed more than once in conversation, to organize a new command for me in the East, with headquarters in Washington; but a telegram, from General Grant, of yesterday, says that "the order was issued ordering you" (me) "to Atlantic division"; and the newspapers of this morning contain the same information, with the addition that I have been nominated as "Brevet-General." I have telegraphed to my brother in the Senate to oppose my confirmation, on the ground that the two higher grades in the army ought not to be complicated with brevets, and I trust you will conceive my motives aright. If I could see my way clear to maintain my family, I should not hesitate a moment to resign my present commission, and seek some business wherein I would be free from those unhappy complications that seem to be closing about me, in spite of

my earnest efforts to avoid them; but necessity ties my hands, and I submit with the best grace I can, till I make other arrangements.

In Washington are already the headquarters of a department, and of the army itself, and it is hard for me to see wherein I can render military service there. Any staff officer with the rank of Major could surely fill any gap left between those two military offices; and by being placed at Washington I shall be universally construed as a rival to the General-in-Chief, a position damaging to me in the highest degree. Our relations have always been most confidential and friendly, and if, unhappily, any cloud of difficulty should arise between us, my sense of personal dignity and duty would leave me no alternative but resignation. For this I am not yet prepared, but I shall proceed to arrange for it as rapidly as possible, that when the time does come (as it surely will if this plan is carried into effect), I may act promptly.

Inasmuch as the order is now issued, I cannot expect a full revocation of it, but I beg the privilege of taking post at New York, or any point you may name, within the new military division, other than Washington.

This privilege is generally granted to all military commanders, and I can see no good reasons why I, too, may not ask for it; and this simple concession, involving no public interest, will much soften the blow which, right or wrong, I construe as one of the hardest I have sustained in a life, somewhat checkered with adversity.

With great respect, yours truly,

(Signed.) W. T. SHERMAN, *Lieutenant-General.*

On the same day he wrote Senator Sherman an account of the situation, as follows:—

HEADQUARTERS MILITARY DIVISION OF MISSOURI,
ST. LOUIS, February 14, 1868.

*Dear Brother:—*

. . . I am again in the midst of trouble, occasioned by a telegram from Grant, saying that the order is out for me to come to the command of the military division of the Atlantic, headquarters at Washington. The President repeatedly asked me to accept of some such position, but I thought I had fought it off successfully, though he again and again reverted to it.

Now, it seems, he has ordered it, and it is full of trouble for me. I wrote him one or two letters in Washington, which I thought positive enough, but have now written another, and if it fails in its object I might as well cast about for new employment. The result would be certain conflict, resulting in Grant's violent deposition, mine, or the President's.

There is not room on board of one ship for more than one captain.

If Grant intends to run for President I should be willing to come on, because my duties would then be so clearly defined that I think I could steer clear of the breakers,—but now it would be impossible. The President would make use of me to beget violence, a condition of things that ought not to exist now.

He has no right to use us for such purposes, though he is Commander-in-Chief. I did suppose his passage with Grant would end there, but now it seems he will fight him as he has been doing in Congress. I don't object if he does so himself and don't rope me in. . . .

If the President forces me into a false position out of seeming favor, I must defend myself. It is mortifying, but none the less inevitable.

Affectionately,

W. T. SHERMAN.

The telegram referred to was as follows:—

(Telegram) WASHINGTON, February 14, 1868,
From ST. LOUIS, February 14, 1868.

*To General U. S. Grant, Commander U. S. Army:—*

Your dispatch informing me that the order for the Atlantic division was issued, and that I was assigned to its command, is received.

I was in hopes I had escaped the danger, and now, were I prepared, should resign on the spot, as it requires no foresight to predict such must be the inevitable result in the end.

I will make one more desperate effort by mail, which please await.

(Signed.) W. T. SHERMAN, *Lieutenant-General.*

On the same day he telegraphed his brother to oppose his confirmation in the Senate as "Brevet-General."

The order was made directing General Sherman to proceed east to take command of the new division, and while it was on the way to him the General wrote the following letter to his brother, Senator Sherman:—

HEADQUARTERS MILITARY DIVISION OF THE MISSOURI,
ST. LOUIS, MO., February 17, 1868.

*Dear Brother:—*

. . . I have not yet got the order for the Atlantic division, but it is coming by mail, and when received I must act. I have asked the President to let me make my headquarters in New York, instead of Washington, making my application on the ground that my simply being in Washington will be universally construed as rivalry to

General Grant, a position which would be damaging to me in the extreme.

If I must come to Washington, it will be with a degree of reluctance never before experienced. I would leave my family here, on the supposition that the change was temporary. I do not question the President's right to make the new division, and I think Congress would make a mistake to qualify his right. It would suffice for them to nonconfirm the brevet-of-general. I will notify you by telegraph when the matter is concluded. Affectionately,

W. T. SHERMAN.

In a day or two the President suspended the order, or postponed its execution, and General Sherman communicated his thanks to the President through General Grant, in the following telegram:—

(Telegram) Received WASHINGTON, February 20, 1868.
From ST. LOUIS, Mo., February 20, 1868.

*To General U. S. Grant:—*

The President telegraphs that I may remain in my present command. I write him a letter of thanks through you to-day. Congress should not have for publication my letters to the President, unless the President himself chooses to give them.

(Signed.) W. T. SHERMAN, *Lieut.-General.*

It seems, notwithstanding this postponement of the order, that General Sherman was called to Washington, and while there in the latter part of February, or perhaps a few days earlier, one of the letters he had written to the President was printed in the newspapers. The letter created an intense desire for all the correspondence, and Congress, by resolution, requested it. The letter for a little time placed General Sherman in a false position. One of these letters contained strictures on the Capital, referring to it as the "focus of intrigue, gossip and slander," and was perhaps resented by the statesmen, if its expressions were known at the time, but the danger which menaced the General was that he should become identified with the President, and share in the responsibility of the attempt to remove Secretary Stanton against the advice and consent of the Senate, which, by the terms of the

Tenure-of-office Act, must be given before an officer could be legally removed. In order that he might be set right, without the publication of the whole correspondence which contained some expression which would tend to create disturbance, if published, General Grant wrote to Senator Sherman, as follows:—

HEADQUARTERS ARMY OF THE UNITED STATES,
WASHINGTON, D. C., February 22, 1868.

HON. J. SHERMAN, United States Senate:—

*Dear Sir*:—The "National Intelligencer," of this morning, contains a private note which General Sherman sent to the President, whilst he was in Washington, dictated by the purest kindness and a disposition to preserve harmony, and not intended for publication. It seems to me, the publication of that letter is calculated to place the General in a wrong light before the public, taken in connection with what correspondents have said before, evidently getting their inspiration from the White House.

As General Sherman afterwards wrote a semi-official note to the President, furnishing me a copy, and still later a purely official one sent through me, which placed him in his true position, and which have not been published, though called for by the House, I take the liberty of sending you these letters, to give you the opportunity of consulting General Sherman as to what action to take upon them. In all matters where I am not personally interested, I would not hesitate to advise General Sherman how I would act in his place. But, in this instance, after the correspondence I have had with Mr. Johnson, I may not see General Sherman's interest in the same light that others see it, or that I would see it, or that I would see it in, if no correspondence had occurred. I am clear in this, however, the correspondence here inclosed to you should not be made public except by the President, or with the full sanction of General Sherman. Probably the letter of the thirty-first of January, marked "confidential," should not be given out at all.

Yours truly,

U. S. GRANT.

That the whole correspondence between the President and General Sherman might be published, Senator Sherman procured the consent of the President to its publication, and then addressed the following note to the "National Intelligencer," the Washington newspaper in which the private note had been published:—

UNITED STATES SENATE CHAMBER,
WASHINGTON, February 22, 1868.

*Gentlemen:—*

The publication in your paper, yesterday, of General Sherman's note to the President, and its simultaneous transmission by telegraph, unaccompanied by subsequent letters withheld by the President, because they were "private," is so unfair as to justify severe censure upon the person who furnished you this letter, whoever he may be. Upon its face it is an informal private note, dictated by the purest motives, a desire to preserve harmony, and not intended for publication. How any gentleman receiving such a note could first allow vague but false suggestions of its contents to be given out, and then print it, and withhold other letters because they were "private," with a view to create the impression that General Sherman, in referring to ulterior measures, suggested the violent expulsion of a high officer from his office, passes my comprehension. Still I know that General Sherman is so sensitive upon questions of official propriety in publishing papers, that he would rather suffer from this false inference than correct it by publishing another private note, as I knew that this letter was not the only one written by General Sherman to the President about Mr. Stanton, I applied to the President for his consent to publish subsequent letters. This consent was freely given by the President, and I, therefore, send copies to you and ask their publication.

These copies are furnished me from official sources; for while I know General Sherman's opinions, yet he did not show me either of the letters to the President, during his stay here, nervously anxious to promote harmony, to avoid strife, and certainly never suggested or countenanced resistance to law,—or violence in any form. He no doubt left Washington with his old repugnance to politics, politicians, and newspapers, very much increased by his visit here.

JOHN SHERMAN.

The following letter, by General Sherman to his brother, shows clearly how the controversy, between him and those who believed he had advised Johnson to pursue the course he was following, arose. The first note, dated January 18th, was an informal note which might have borne that construction, put upon it by some, but the letter of January 31st was clear and explicit in its advice to the President that his course was unwise and illegal, and referred to the President's suggestion for the removal of Stanton, by force, as wholly inadmissible:—

HEADQUARTERS MILITARY DIVISION OF THE MISSOURI,
ST. LOUIS, MO., February 25, 1868.

*Dear Brother:*— . . . I am in possession of all the news up to date, — the passage of the impeachment resolution, etc., but I yet don't know if the nomination of T. Ewing, Senior, was a real thing, or meant to compromise a difficulty. The publication of my short note of January 18th is nothing to me. I have the original draft, which I sent through Grant's hands, with his endorsement, back to me. At the time this note must have been given to the reporter, the President had an elaborate letter from me, in which I discussed the whole case, and advised against the very course he has pursued, but I don't want that letter or any other to be drawn out to complicate a case already bad enough.

You may always safely represent me by saying that I will not make up a final opinion till called on to act, I want nothing to do with these controversies until the time comes for the actual fight, on this impeachment, which I believe they do not, you may count 200,000 men against you in the South. The negroes are no match for them. On this question, the whites, there will be more united than on the old issue of Union and secession. I do not think the President should be suspended during trial, and, if possible, the Republican party, should not vote on all side questions as a unit. They should act as judges, and not as partisans. The vote in the House, being a strictly party vote looks bad, for it augurs a prejudiced jury. Those who adhere closest to the law in this crisis are the best patriots. Whilst the floating politicians here share the excitement at Washington, the people generally manifest little interest in the game going on at Washington. . . .

Affectionately yours,

W. T. SHERMAN.

Senator Sherman answered this, under date of March 1st, as follows:—

UNITED STATES SENATE CHAMBER,
WASHINGTON, March 1, 1868.

*Dear Brother:*—

Your letter of the twenty-fifth is received. I need not say to you that the new events transpiring here are narrowly watched by me. So far as I am concerned, I mean to give Johnson a fair and impartial trial, and to decide nothing till required to do so, and after full argument. I regard him as a foolish and stubborn man, doing even right things in a wrong way, and in a position where the evil that he does is immensely increased by his manner of doing it. He clearly designed to have first Grant and then you, involved in Lorenzo Thomas's position, and in this he was actuated by his recent revolt against Stanton. How

easy it would have been, if he had followed your advise, to have made Stanton anxious to resign, or what is worse, to have made his position ridiculous. By his infernal folly we are drifting into turbulent waters. The only way is to keep cool, and act conscientiously. I congratulate you on your lucky extrication. I do not anticipate civil war, for our proceeding is unquestionably lawful, and if the judgment is against the President, his term is just as clearly out as if the fourth of March, 1869, was come. The result, if he is convicted, would cast the undivided responsibility of reconstruction upon the Republican party, and would unquestionably secure the full admission of all the States by July next, and avoid the dangerous question that may, otherwise, arise out of the southern vote, in the Presidential election. It is now clear that Grant will be a candidate, and his election seems quite as clear. The action of North Carolina removed the last doubt of his nomination. Affectionately yours,

JOHN SHERMAN.

On March 14th, General Sherman wrote his brother as follows:—

HEADQUARTERS OF THE MILITARY DIVISION, MISSOURI,
ST. LOUIS, March 14, 1868.

*Dear Brother:—*

I don't know what Grant means by his silence in the midst of the very great indication of his receiving the nomination in May. Doubtless he intends to hold aloof from the expression of any opinion, till the actual nomination is made, when, if he accepts with a strong radical platform, I shall be surprised. My notion is that he thinks that the Democrats ought not to succeed to power, and that he would be willing to stand a sacrifice rather than see that result. . . . I notice that you Republicans have divided on some of the side questions on impeachment, and am glad you concede to the President the largest limits in his defense ever offered. I don't see what the Republicans can gain by shoving matters to an extent that looks like a foregone conclusion. No matter what men may think of Mr. Johnson, his office is one that ought to have a pretty wide latitude of opinion. Nevertheless, the trial is one that will be closely and sternly criticised by all the civilized world. Your brother,

W. T. SHERMAN.

These letters give, in most entertaining form, many of the events of the period leading up to the impeaching proceedings against the President. Intended as private communica-

tions, they have a frankness and freshness which would not appear in a correspondence that was written for publication. General Grant's misunderstanding with the President increased his availability as a candidate for President, as it brought him the cordial support of Republican leaders who would have hesitated and perhaps denied their support to him, if he had continued friendly relations with Mr. Johnson.

## CHAPTER XXVIII.

THE SECOND ATTEMPT TO IMPEACH PRESIDENT JOHNSON.—THE PRESIDENT REMOVES SECRETARY STANTON.—HOUSE PRESENTS ARTICLES OF IMPEACHMENT.—THE IMPEACHMENT TRIAL.—COURT AND COUNSEL.—ARTICLES ARE NOT SUSTAINED.

A LITTLE more than two months after the decisive vote in the House against presenting articles of impeachment, both Houses were engaged in fierce declamation against the President. He had removed Secretary Stanton without the concurrence and consent of the Senate, and designated Lorenzo Thomas to act as Secretary in the *interim*. A wave of indignation swept both Houses, and in the heat a second resolution for impeachment was easily carried through the House, and referred to the Committee on Reconstruction.

In this contest between President Johnson and Secretary Stanton, whatever may have been the merits of the controversy itself, upon the general principle of the right of the President to remove, at will, a member of his Cabinet, the President's position was impregnable. In ordinary times this right would not be questioned, and it was only because the situation was extraordinary and demanded, or rather seemed to demand, a resort to extraordinary remedies and expedients, that Congress sought by the Tenure-of-office Act to limit this just and necessary power of the Executive. When this Act was under discussion, its application to Cabinet officers was not only denied by many who supported the bill, but it was generally conceded by the wisest statesmen that any infringement of the right of the President to select and retain, at his pleasure, members of his official family, would be an unjusti-

fiable, if not an unconstitutional, encroachment upon his powers and prerogatives.

Senator Sherman was chairman of the Senate Committee of Conference on the Tenure-of-office Bill, and he thus expressed himself upon the proposition to limit the power of the President as to removals from office by requiring the consent of the Senate. He said:—

"If a Cabinet officer should attempt to hold his office for a moment beyond the time when he retains the entire confidence of the President, I would not vote to retain him, nor would I compel the President to have about him, in these high positions, a man whom he did not entirely trust, both personally and politically. It would be unwise to require him to administer the Government without agents of his own choosing. . . . And if I supposed that either of these gentlemen was so wanting in manhood, in honor, as to hold his place after the politest intimation from the President of the United States that his services were no longer needed, I certainly, as a Senator, would consent to his removal at any time, and so would we all."

The Senate did not want the Cabinet officers included in the Tenure-of-office Bill; the House did. In the conference, a compromise was agreed upon which gave a Cabinet officer a tenure co-extensive with the power appointing him, and one month more. Senator Sherman was disinclined to place any limitation upon the power of the President, as to the removal of his Cabinet officers, and he agreed to this compromise with reluctance. He said, in presenting the conference report:—"I agreed to it, I confess, with some reluctance, —come to the conclusion to qualify to some extent the power of removal over a Cabinet Minister."

Involved in this controversy, was the question as to whether Secretary Stanton's term, under this law, was during the term for which Lincoln had been elected, or whether that term had not ended with the assassination of his chief. He had been appointed by Lincoln, and had held under Johnson by sufferance. At any rate, whatever may have been the proper construction of the law, the Senate construed it against the President, and left in control, of one of the great depart-

ments, a man with whom he had no personal intercourse, whatever.

On the day after the impeachment resolution was referred to the committee, Thaddeus Stevens, chairman of the House division of the committee, reported the resolution back with a recommendation that it be adopted. Mr. Stevens suggested that the vote be taken without debate. The previous question was not demanded, and the debate proceeded. The debate developed a curious change in the sentiments and opinions of the Republican members. Members who had either voted against the former resolution for impeachment, or obstructed its passage, now were vehement supporters of the resolution. Notable among these was Mr. Wilson, of Iowa, who had reported against impeachment, as the chairman of the Judiciary Committee, and voted against the majority report, now, only two months later, denounced the President as "an unworthy public servant," who had dishonored his office by "perverse disregard of duty." General Butler's voice was still for blood. The debate ran late into Saturday night, and an adjournment over Sunday was carried. Monday afternoon the resolution to "Impeach Andrew Johnson, President of the United States, of high crimes and misdemeanors," carried by a vote of 126 to 47. Immediately a motion was agreed to for the appointment of a committee of two members to appear at the bar of the Senate, and impeach the President, and that a committee of seven members be appointed to prepare the articles of impeachment. The Speaker appointed Mr. Stevens and Mr. Bingham to notify the Senate that articles of impeachment would be presented, and he appointed Mr. Boutwell, Mr. Stevens, Mr. Bingham, Mr. Wilson, Mr. Logan, Mr. Julian and Mr. Ward to prepare the articles. The managers of the impeachment were elected by ballot. All of the committee appointed to draw the articles were selected except Mr. Julian and Mr. Ward and, in their places, Benjamin F. Butler and Thomas Williams were selected.

On the twenty-fifth day of February, Mr. Stevens and Mr. Bingham appeared before the bar of the Senate and, all busi-

ness being suspended, Mr. Stevens announced that, in obedience to the order of the House of Representatives, the committee appeared to impeach Andrew Johnson, President of the UNITED STATES, of high crimes and misdemeanors in office, and that in due time the House would exhibit particular articles of impeachment, and make good the same.

The articles were eleven in number, and charged the President with having made a speech in which he had declared that the Thirty-ninth Congress was not "a Congress of the United States, authorized by the Constitution to exercise legislative power under the same," and "thereby attempted to bring a co-ordinate branch of government into disgrace, ridicule, hatred, contempt and reproach;" that he had removed Edwin M. Stanton, Secretary of War, in violation of the Tenure-of-office Act; that he had attempted to defeat the execution of the Reconstruction Act, and that he had appointed General Lorenzo Thomas, Secretary of War *ad interim*, without the advice and consent of the Senate. The fact is, that the specifications did not at all set forth the real cause of complaint against the President. Political apostasy, flagrant and unjustifiable, was his crime, but for that he could not be impeached. He had violated every principle of party loyalty, he had been guilty of the grossest political ingratitude, yet for that he could not be tried in the great Court of Impeachment.

The trial before the Senate upon the charge that the President had violated the Tenure-of-office Act in the removal of Secretary Stanton presented, in the light of a previous expression by a majority of that body, a curious anomaly. Some attention has already been given to the opinions of leading Senators upon the question as to whether the Tenure-of-office Act should apply to and hamper the President in the choice or retention of his Ministers. The opinion of such Senators as Fessenden, Edmunds and Sherman was that there should be perfect freedom in a matter of such delicacy as the continuation or suspension of the official relations between the President and his Cabinet officers. A short time before, a

large number of the Senators had placed themselves on record upon the question of the right of the President to have a Cabinet which agreed with him in the policies of his administration. There was a rumor afloat that Postmaster-General Blair was not in agreement with President Lincoln upon some of his policies. A number of Senators took upon themselves the duty of advising Lincoln as to his rights in the premises, and presented to him a paper which read as follows:—

"The theory of our Government, the early and uniform practical construction thereof, is that the President should be aided by a Cabinet-Council agreeing with him in political and general policy, and that all important measures and appointments should be the result of their combined wisdom and deliberation. The most obvious and necessary condition of things, without which no administration can succeed, we and the public believe does not exist, and, therefore, such selections and changes, in its members should be made as will secure to the country unity of purpose and action in all material and essential respects, more especially in the present crisis of public affairs. The Cabinet should be exclusively composed of statesmen who are the cordial, resolute, unwavering supporters of the principles and purposes above mentioned."

This extraordinary interference with the executive prerogative was signed by the following Senators: Chas. Sumner and Henry Wilson; Benjamin F. Wade and John Sherman; Preston King and Ira Harris; David Wilmot and Edgar Cowen; L. M. Morrill and W. P. Fessenden; James Dixon and L. S. Foster; Solomon Foot and Jacob Collamer; David R. Clark and John P. Hale; Henry B. Anthony, Zacharial Chandler; O. H. Browning and Lyman Trumbull; James Harlan and James W. Grimes; C. S. Pomeroy, J. R. Doolittle and T. O. Howe.

About the time the pressure was heaviest upon Mr. Lincoln for the removal of Blair, and when the air was full of stories of Cabinet disagreements and friction, at a meeting of the Cabinet, the President said to the assembled Ministers: "I must myself be the judge how long to retain in, and when to remove any of you from his position." This conclusion of course, was not expressed in view of the question

subsequently presented in the impeachment trial, nor in discussing the power of the Legislative to control or limit by law the Executive Department in the matter of the removal of Cabinet officers, but it was a clearly expressed opinion upon the general proposition that the President should be untrammeled in the exercise of this power.

Another curious circumstance developed during the trial which was in the nature of contemporaneous construction of the Tenure-of-office Bill by the Executive. It seemed, from an offer, made by counsel for the President, to prove the fact, that the bill had been submitted to the Cabinet by President Johnson for their opinion as to its constitutionality, with the view of determining whether he should sign it or return it to Congress without his approval, that their opinion was that it was unconstitutional, and should be returned with his objections; it further appeared that the duty of preparing the veto message was assigned to Secretaries Seward and Stanton. It further appeared, by an offer to prove the fact that Mr. Johnson took the opinion of his Cabinet upon the question as to whether the bill, if it became a law, would prevent the removal of Cabinet officers appointed by Mr. Lincoln, and that the Cabinet had advised the President that such appointments would not be within its restrictions. This evidence was ruled out by a vote of the Senate, but the truth of it has never been questioned.

So it appears that Lincoln was of the opinion that the President alone should determine the question of the removal or withdrawal of a Minister from the Cabinet; again it appears that the opinion of the most conservative Senators was that the Tenure-of-office Act should not apply to Cabinet officers; it further appears that it was the opinion of the Cabinet officer, whose removal was one of the misdemeanors charged against the President, that the Act was unconstitutional, as an infringement upon the constitutional rights of the Executive power and that it did not apply to the Cabinet officers appointed by Lincoln; and therefore it appears that however intemperately the President pro-

ceeded to exercise this power of removal, however insufficient may have been the grounds for the exercise of the power in the particular case, there was not in the act, that willful violation of a clear constitutional or legal duty, which is necessary to constitute an impeachable crime or misdemeanor. The Tenure-of-office Act was open to two constructions, either of which could be sustained by respectable reasoning — at least respectable lawyers reasoned for both constructions. The President, following one of these constructions either upon his own, or the reasoning of those upon who he relied, held that the Act did not apply to the Cabinet officers, who had been appointed by his predecessor. He may have been wrong about this construction, but he was justified in adopting it, and in acting upon it, and it was beyond the power of any mundane tribunal to inquire into the motives which prompted the action or conduct.

No great reliance was placed by the managers of the impeachment upon the charge that the President had spoken of Congress in such terms as to bring it into "disgrace, ridicule, hatred, contempt and reproach." A comparison would have demonstrated that Congress had abused the President more than the President had abused Congress. An examination into history would have shown that Andrew Jackson, while President, had spoken more harshly and disrespectfully of Congress than did Andrew Johnson. General Butler, in opening the case to the Senate, claimed that any act was an impeachable high crime or misdemeanor which was "highly prejudicial to the public interest," but evidently such a claim could not be sustained unless the act, at the same time, was a violation of some plain constitutional or legal provision or duty. In a party Government, like ours, almost every great act of a President is "highly prejudicial to the public interest," if judged from the standpoint of party principles.

The only article of impeachment which furnished a tenable charge against the President, and upon a conviction of which his removal might have been justified, was the charge that he had appointed General Thomas, Secretary of War without

the "advice and consent of the Senate." The Tenure-of-office Act provided for a suspension of an officer during a recess of the Senate, and for the filling of the office during the recess by a temporary appointment, and it was contended, and with reason, that no such power existed when the Senate was in session, as it was when General Thomas was appointed to discharge the duties of Secretary of War *ad interim*.

This was the ground upon which Senator Sherman justified his vote for impeachment. He held that it was clear, from the evidence, that the President designed to fill this office without the advice and consent of the Senate, and thereby to deprive the Senate of this constitutional right in the premises. He asserted that the President could not justly assume in advance that the Senate would not consent to any fit appointment, and that his refusal to send any appointment, was a clear violation of the Constitution, for which he should be impeached. Mr. Sherman filed a long and ably written opinion in which he set forth at length the reasons which impelled him to vote "guilty." He was satisfied, however, with the result, and had no word of censure for his Republican colleagues, who voted "not guilty." He recognized that, where there was ample room for difference of opinion upon the merits, no just suspicion of corrupt influence or improper motive could be entertained against those who disagreed with their Republican associates.

This trial will long remain the *cause celebre* of America. The potency of the result for good or ill made it an occurrence of intense interest and attracted universal attention; the foreign skeptics, who had predicted the collapse of the Republic in the Civil War, again cast the horoscope of disaster. Many regarded the result of the trial as fraught with more danger to the permanency of the Government than the war itself; it was thought and asserted that, if the Chief Magistrate of the Nation should be deprived of his office unjustly or upon trivial grounds, the act would portend a weakness, or a vice, and that the existence of either would, sooner or

later, render the Executive branch subordinate to the Legislative, and destroy that vital check, the one upon the other, which is secured by the complete independence of each department within the sphere of its constitutional powers. The trial was the closing scene of that drama whose splendid and tragic scenes had been enacted from Ft. Sumter to the dissolution of that august tribunal, convened to try the President—it was the epilogue of the war.

The impeachment proceedings in the Senate were orderly and dignified. The presence of the Chief-Justice of the Supreme Court of the United States, as presiding officer, gave to the tribunal a dignity and judicial character which it otherwise would not have possessed. The day the trial was to begin, Chief-Justice Chase, escorted by a Committee of Senators, entered the Senate; he was accompanied by Justice Nelson, who administered to the Chief-Justice the oath required. The next step was the calling and administering the oath to the Senators, as members of the Court of Impeachment. When Senator Wade's name was called, Senator Hendricks objected to him as a member of the Court, upon the ground that, inasmuch as he would become President if Mr. Johnson was impeached, he had such personal interest in the issue as to disqualify him. This objection precipitated a long discussion upon the point raised. Senator Sherman opened the argument against the objection. He asserted that it was a constitutional question, and must be determined from the provisions of the Constitution, and not upon the rules applying to ordinary civil tribunals. He asserted that the Constitution made the Senate a Court of Impeachment, and provided that the Senate should be composed of two Senators from each State, and that as Senator Wade was one of Ohio's Senators, he was constitutionally a member of the Court, and could not be excluded. The debate was participated in by many of the leading Senators on both sides, and notably by Senators Sumner, Johnson and Morton. An adjournment was had before the question was decided and, at the subsequent convening of the Court, the objection was

withdrawn, or at least never pressed, and Mr. Wade was sworn, and acted as a member of the Court.

The counsel engaged in the trial were among the most eminent of the American bar. General Butler very largely conducted the case for the House, although John A. Bingham was chairman of the managers. He insisted, to the managers, that the President be brought before the Senate, and be compelled to attend the trial like any culprit who was on trial for an infraction of the laws, but he said they were too weak in the knees or back to sustain him in the demand, and so the President did not attend the trial. Mr. Butler, in his "Book," says: "I came to the conclusion to try the case upon the same rules, and in the same manner as I would try a horse case, and I knew how to do that." It seems that one of the managers had some doubt as to whether the General was sufficiently impressed with the exalted character of the proceeding — he may have been trying it like a horse case — at any rate he said: "This is the greatest case of the times, and it is to be conducted in the highest possible manner." Mr. Butler replied: "Yes, and that is according to law; that is the only way I know how to conduct a case." The managers did not rank in the high attainments of the profession with the counsel for the President. They were eminent and able public men, and together combined the best legal talent of the House, but with them it was, as with most men who devote a portion of their time to public service, their professional achievements have been modified by their public service and their public career interrupted by the demands of the profession. The lives of the counsel for the President had not been divided in the service of two masters. Judge Curtis had served six years as Justice of the Supreme Court of the United States and, while a member of that Court, rendered a dissenting opinion in the Dred Scott Case. He made the opening statement of the defense in a speech which, for purity of style and legal acumen, will always rank among the great arguments of the profession. William M. Evarts was then about fifty years of age, and he

was easily the greatest American lawyer of his time. The burden of making the President's defense, fell upon these two eminent counsellors, although they were ably assisted by others. William S. Grosbeck made an argument, in summing up, that gave him a high reputation as a lawyer. Henry M. Stanaberry resigned his post as Attorney-General, to assist in the defense, and rendered conspicuous service There is now no man in public life who was connected with the trial, except Senator Stewart, and but few are living. The Chief-Justice has been dead nearly thirty years. The counsel are all in their graves. Probably but four Senators are now living — Edmunds and Stewart, Henderson and Sprague. The impeachment had its uses — it demonstrated that a great State trial could proceed to a result contrary to the wishes and opinions of a large majority of the people, and yet be acquiesced in, with that spirit which evinced a submission to the supreme authority of the law.

## CHAPTER XXIX.

Senator Sherman Visits Europe for the Second Time.— He Meets the Great Statesmen of England and Germany.— He Attends Public Functions in Paris, and Meets Napoleon III. and the Empress Eugenie.— Paris International Monetary Conference.— Mr. Sherman's Views.— He Makes Report From Finance Committee Favoring an International Coinage.

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The first session of the Fortieth Congress adjourned March 30th to meet July 3rd, 1867. The Senate was called to meet in extra session, on April 1st. On the tenth day of April, and before the close of the extra session, Senator Sherman sailed for Europe. This was his second outward voyage. He visited most of the European capitals, and spent considerable time in London and Paris. While in England he breakfasted with Gladstone, and attended a dinner arranged to give him a favorable opportunity to meet John Bright, who was the guest-of-honor. He also met Disraeli, and heard him speak in the House of Commons. John Bright, then in the prime of his strong, rugged, simple manhood, impressed Senator Sherman most favorably,—more favorably than any of the great British statesmen with whom he came in contact. Bright was in many respects the same type of statesman as John Sherman. A great speaker, and yet simple, direct and unostentatious to a degree approaching plainness,—he had none of the splendid effervescence of Disraeli, nor had he the rich fullness of Gladstone's speech, but when their rank is finally fixed, he will probably stand above either of his great contemporaries, as an orator.

He visited Berlin and met Bismarck. This was before the formation of the German Empire, and before the German Chancellor had achieved his greatest fame. From Berlin, Mr. Sherman journeyed to Paris. The great exposition, held under the auspices of Napoleon III., was in progress and he spent a week or ten days in viewing its wonders. While there he was invited to and attended two public functions. The first was on the seventh of June, and was a ball given by the Mayor of Paris to the regal visitors at the exposition. The grand march was an imposing spectacle, such an one as can be seen only in the royal palaces or capitals of the Old World. First came the Emperor of Russia escorting the Empress Eugenie; next came the King of Prussia, whose kingdom was soon to swell into a mighty Empire, of which he was to be the Emperor; then next came Louis Napoleon, Emperor of the French, and not far back, in white uniform, was that impressive personage, Bismarck. The next evening a reception was held at the Tuileries, and this Mr. Sherman attended. There were in attendance the French Emperor and Empress, and the important personages whose names have already been mentioned.

He was also invited to a dinner, given by the Emperor, at the Tuileries. It was much like a State dinner, given by the President of the United States. He was introduced to Napoleon and Eugenie, and had some conversation with the Emperor about the Civil War in America. This subject, one would think, would have been one of embarrassment to the French Ruler, particularly at this time. Within a fortnight his protégé, Prince Maximilian, the brother of Francis Joseph, of Austria, was executed in Mexico. But time and fate deal no more kindly with the great people of the earth than with the common folk. Three years had hardly expired before the French Empire had passed away, and the Third Napoleon was a prisoner, the stately Eugenie an exile and, in a little more than ten years, their son, the Prince Imperial, and the last hope of the Bonapartists, died while fighting under the British flag in Zululand. In fifteen years the Czar, Alexander

ll., had fallen by the hand of assassins. He freed the slaves, as had Lincoln and, like Lincoln, his life-blood sealed the proclamation.

An International Monetary Conference was in session in Paris, during the year of Mr. Sherman's visit, and he was invited to express to the conference, his opinion as to the practicability and desirability of the great commercial nations agreeing upon a piece of coined money, which should be a legal standard and unit of value in all such nations. His opinion was expressed in writing, and favored the adoption of such standard. The coin recommended by the conference was the French gold five-franc piece.

While Senator Sherman was in Europe, at this time, he was received with that consideration due an American Senator of distinguished service and tried ability.

After Mr. Sherman's return he prepared a report for the Finance Committee, in which the committee recommended the adoption of a common piece of money, which would be current in all the agreeing nations for its coined value, the purpose was to thus obviate the necessity of reducing or recoining the money of one nation into the money of another nation before its value in commerce could be determined, or its circulation secured.

A bill was prepared, and its passage recommended by the Finance Committee, with the exception of Senator Morgan, of New York, to carry into effect the recommendations of the Paris Conference. Mr. Sherman's report was a very able one, and set forth clearly, with many illustrations and arguments, the advantages of a common coin to be adopted and used by the great commercial nations of the world. He pointed out how the United States would profit from the adoption of such a coin, "aside from the general advantages which we will share with the civilized world in attaining a uniform coinage." He said that the United States, being the greatest gold producing nation, was interested in removing every obstruction to its free use, such as its recoinage when passing from nation to nation, all of which diminished its value and resulted in

loss to the country producing it. Such an arrangement would save, to each nation, the cost of recoinage, of assay, of exchange, all of which were trifling, however, compared with the immense advantages which would result from the adoption and use of a common unit of value, or coin, in international commerce.

The Conference condensed its conclusions into five recommendations:—

*First:* A single standard, exclusively of gold.
*Second:* Coins of equal weight and diameter.
*Third:* Of equal quality or fineness, nine-tenths fine.
*Fourth:* The weight of the present five-franc gold piece to be the unit.
*Fifth:* The coin of each nation to bear the names and emblems preferred by each, but to be legal-tender, public and private, in all.

Mr. Sherman's discussion of the first of these propositions is extremely interesting in the light of subsequent financial events. This report was prepared in June, 1868,—five years before the demonetization of silver—and before the parties divided upon the question of standards. On this point the report says:—

"The single standard of gold is an American idea, yielded reluctantly by France and other countries, where silver is the chief standard of value. The impossible attempt to maintain two standards of value has given rise to nearly all the debasement of coinage for the last two centuries. The relative market value of gold and silver vary like other commodities, and this led, first, to the demonetization of the more valuable metal, and second, to the debasement or diminution of the quality of that metal in a given coin. . . . The opportunity is now offered the United States to secure a common international standard in the metal most valuable of all others, best adapted for coinage, mainly produced in our own country, and in conformity to a policy constantly urged by our statesmen, and now agreed to by the oldest and wealthiest nations of the world. Surely we should not hesitate, for trifling considerations, to secure so important an object."

The English Parliament refused to sanction the agreement, so it failed. There can be no question but that the adoption of a uniform coin, and a uniform system of weights and

measures, would be highly beneficial to the great commercial nations of the world. Congress has many times attempted to adopt the French metric system, but the proposition has so far been defeated, and largely because the people are disinclined to learn a new system, however much superior it may be to the old one in use.

## CHAPTER XXX.

Mr. Sherman Returns from Europe.— Second Special Session of Fortieth Congress.— President Johnson's Veto of Reconstruction Legislation.— Debate Between Mr. Blaine and Gen. Butler.— Payment of Bonds in Greenbacks.— Business Depression.— Fiat Money.— Public Debt.— Mr. Sherman's Report on Refunding the Debt.— Bill to Refund.— Taxation of Bonds.— Payment of the Five-twenty Bonds in Greenbacks.— Speech of Senator Sherman on Refunding.

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Senator Sherman returned from Europe a few days after the opening of the session, beginning July 3rd, 1867, and took his seat in the Senate. On July 19th, the President vetoed the second act supplementary to the Reconstruction Act and, at the same time, he vetoed a bill appropriating a million dollars to carry out the Reconstruction Acts. These were promptly passed over the vetoes. The conditions were such at this, and at the short session held in November, as to preclude all hope of any financial legislation, if any had been attempted or contemplated. During the November session, Mr. Blaine and General Butler engaged in a financial discussion in the House, which related, mainly, to the question as to the kind of money in which the five-twenty bonds should be paid. Mr. Blaine contended that the history of the legislation, the acts of the Executive officers in negotiating the sale of the bonds, the practice of the Government,— all proved beyond reasonable doubt that those bonds, principal and interest, were to be paid in coin, and that to pay in anything less valuable would be National dishonor. General Butler combated this proposition and asserted, in his vigorous manner of speech, that the principal of the bonds was payable in lawful money, in greenbacks. The contraction of

the currency under the policy of Secretary McCulloch, although honestly entered upon, and carefully and legally carried out, had produced (or was charged with having produced), a condition of financial and business stress under cover of which, the repudiators and fiatists presented and urged their schemes. The proposition to tax the bonds was tantamount to repudiating the obligation to the amount of the tax; the contention that the principal of the bonds should be paid in lawful money, and that a sufficient amount of lawful money should be issued to pay them, was simply a proposition to repudiate the amount of the debt equal to the difference between gold and greenbacks. Of course all the statesmen in official position who adhered to, or seemed to adhere to, schemes of the character mentioned, were not repudiators, nor believers in fiat money. Many of them drifted into a support of these propositions without careful consideration, and they were moreover misled by appearances. It did seem fair, if the matter was not reasoned out, to pay those bonds which were sold for depreciated paper, in paper money. Able lawyers reasoned that the law providing expressly for the payment of the interest in coin, raised, necessarily, the inference that the principal was not to be paid in coin, else there would have been no need of providing that character of payment of the interest, and upon the doctrine *inclusio unius exclusio alterius*. Demagogues shouted, that the money that was good enough for the soldier for his blood, good enough for the farmer for his wheat, good enough for the laboring man for his labor, was good enough for the bondholder. There was also a sentiment abroad that the debt should be funded into a permanent loan, so that the burden of paying the principal should be transmitted to a distant future. When we look back on these times, the waves of war still rocking the Ship of State, the dominant party embarrassed and weakened by the dissensions, the people restless under burdens of taxation that seemed heavier after the excitement of the conflict had subsided, we wonder that even the strong, steady, patient men in command, were

able to stay this dangerous tide until a more auspicious day arrived. It was really a more dangerous crisis than the war itself. A Nation can survive many calamities, but never unequivocal National dishonor in the matter of its pecuniary obligations.

A brief statement of the public debt at the end of the war, and at the opening of the session of the Fortieth Congress in December, 1867, two years later, will show the progress that had been made in the payment and refunding of the debt during this time. In December, 1865, the public debt was as follows:—

| | |
|---|---|
| Legal-tender notes and fractional currency | $ 450,000,000 |
| Seven and three-tenths interest notes | 830,000,000 |
| Three year compound-interest notes | 188,000,000 |
| Certificates of indebtedness | 51,000,000 |
| Temporary loan | 97,000,000 |
| Interest bearing bonds | 1,120,000,000 |
| TOTAL | $2,736,000,000 |

The Treasury statement, at the end of 1867, showed that the long interest bearing obligations had increased some six hundred and fifty million dollars, and the short obligations had decreased about seven hundred million dollars. Deducting the cash in the Treasury, the debt had been decreased nearly three hundred million dollars. There was a very satisfactory showing, considering that several millions of Internal Revenue taxes had been repealed in the meantime—it demonstrated that at the rate of ten million dollars a month, the amount applied during this period, the National debt would be extinguished before it reached the second generation after the war. If the financial operations of the Government, up to this time, justified any adverse criticism it was in refunding short obligations into long bonds, bearing a high rate of interest. Thus far the refunding operations, and the reduction of the legal-tender notes, had been carried on under the authority of the Act of April 12th, 1866.

Senator Sherman had determined that, at the beginning of

the regular session of the Fortieth Congress, he would make a persistent effort to secure the passage of a new refunding law; and at the earliest moment, after the assembling of the session, he brought the subject before the Finance Committee. On the seventeenth of December, 1867, Mr. Sherman, for the Committee, made a comprehensive report upon the financial questions which were then the subject of controversy. He discussed the subject under three heads:—

"*First:* The funding of the public debt, and, as an incident to it, the redemption of the bonds commonly known as the five-twenty bonds.

"*Second:* The taxation, State and National, of the public securities, and

"*Third:* The redemption and conversion of the United States notes, or legal-tender currency."

When the report was made, the tide of financial folly and dishonor had not reached its highest point. So rapidly was it swelling, however, that it required the utmost effort of the sound and conservative statesmen of the time to keep it within bounds, and prevent a disasterous inundation. Pendleton had already presented his scheme to issue $1,500,000,000, greenbacks, and pay the five-twenty bonds. General Butler, while he did not agree to the Pendleton proposition, that all this class of bonds should be thus paid, yet urged, with ingenious argument, that the National bank notes should be substituted with greenbacks, and that $200,000,000 additional should be issued, and with this lawful money these bonds should be discharged. Thaddeus Stevens clouded his great career in the last days by giving his support to this heresy. Other Republican statesmen of prominence and influence became imbued with the "greenback" notions.

One of the substantial objects aimed at by Senator Sherman in this report was to combat, as successfully as he was able, the financial heresies which were becoming current, and threatening to commit the Government to a policy which would impair credit and confidence, and probably postpone, indefinitely, the return to specie payments. A refunding meas-

ure was presented by the committee, the object of which was to solve and settle, by an express provision, the kind of money in which the bonds, authorized by the measure, were to be paid, and to reduce the rate of interest. The removal of the doubt, which had become serious, it was thought, would induce the public creditor to surrender the five-twenty bonds, and take in their stead, new ones expressly payable in coin. The measure proposed by the committee had a number of provisions. The main feature, of course, was the refunding of the debt at a reduced rate of interest, and at the same time to retain the right to redeem the bonds after ten years. It was purposed, also, to satisfy a demand and quiet a clamor by conceding something, not in the form demanded, but by indirection. The situation was a delicate one, and required diplomatic treatment. There was a strong sentiment, held in respectable quarters and founded upon an apparent equity, that the bonds should be taxed by State and local Governments, as other property was taxed. The argument presented, to justify this sentiment, was hard to combat or answer, because it was backed by a prejudice. The Finance Committee, while it did not waver upon the proposition, that it was wholly inadmissible to allow any local Government to tax the bonds, yet believed that some concession to this sentiment was advisable, and the report, therefore, commended that a certain reserve, or amount, should be set aside; an amount, equal, perhaps, to the sum which might be realized to the local Government from the tax, and distributed to the States in lieu of the tax.

There was a strong current of opinion that the bondholders were asking too much—that there was something that savored of Shylock and his pound of flesh, in their demand for gold. This was not a sentiment that could be knocked in the head and thrown in the ditch, it had to be met and argued down, or avoided by tact and diplomacy. Mr. Sherman in his report tried both methods; he argued, and he also sought, by conceding something to the argument of the other side, to thus induce the bondholder to take advantage of the provisions of the bill. The bill provided that the holders of

the five-twenty bonds, about which there was controversy as to the kind of money in which they were to be paid, might surrender them, and receive new bonds to an equal amount, bearing five per cent. interest and payable expressly in coin. The report made a fair statement of the arguments, pro and con, upon the question of the payment of the five-twenties, and then suggested that it would be better for the bondholder to give up a security, about which there was serious doubt and contention, and take in lieu of it, one from which all, doubt would be removed by an express provision.

Whatever Mr. Sherman conceded, was to the argument that the bonds *might* be paid in the legal-tenders authorized or issued when the bonds were negotiated. He gave no quarter to the proposition to issue more legal-tenders with which to pay bonds. He also denounced, as repudiation, the proposition that Congress pass an act taxing the bonds. He said, and truly, that this method was more dishonest than to allow the States to exercise the taxing power on the bonds.

The measure recommended by the committee contained a provision for the conversion of the greenbacks into five-twenty bonds, and the bonds into greenbacks. This was limited to the greenbacks issued or authorized when the bonds were sold. The purpose was to restore the right to have greenbacks converted into bonds, and thus again couple them together, so that they would go together toward par in coin. As a remedy against a damaging contraction of the currency, by the process of conversion, the power to convert bonds into greenbacks was given. Upon the point of convertibility, the report says:—

"Your committee regard the provisions of the bill, designed to give increased value to the United States notes, as of the greatest importance. . . . The value of the note now rests solely upon the compulsory value given it by the legal-tender clause; then it will be anchored on the solid basis of an annuity, payable in coin. This measure alone will give the "greenback" the market value of a bond, while heretofore, though made the legal standard of value, it has been and now is, the least valuable form of Government security."

There was also a provision in the original bill for a foreign loan, but this was eliminated by a substitute.

In this report there appears, for the first time, some evidence that Senator Sherman was influenced or impressed, to some extent, by the argument that the bonds — the $500,000,000 issue of five-twenties, — could be legally discharged in the legal-tender notes. Whether he was partially convinced at this time, or simply stated the doubt strongly to influence the holders of these bonds to exchange them for the new issue proposed, cannot be determined from any public expression on the subject prior to that time, but two months later he delivered, in the Senate, a comprehensive speech, in support of the bill, and in that speech he asserted that, "equity and justice are amply satisfied if we redeem these bonds, at the end of five years, in money of the same kind, and of *the same intrinsic value*, existing at the time they were issued."

There is nothing, however, either in the speech or the report which amounts to an assent to the proposition that the bonds, should or could be paid in legal-tenders. His declarations relate altogether to the point that this form of payment would be equitable and just, or if the bondholders refused to exchange upon the reasonable terms offered, that he would then support a measure to pay these bonds in the legal-tenders then authorized. It can be safely asserted, that Senator Sherman would never have supported a proposition to pay the bonds in anything but coin.

On the twenty-seventh of February, 1868, the Senate, having under consideration the Funding Bill, reported by the Finance Committee, Mr. Sherman made a speech in support of the bill. The speech was carefully prepared, and covered the whole ground of the financial controversy of that time. In it he discussed and refuted the many unsound and dangerous propositions, which had become current in the country, or had been introduced and supported by respectable authority in Congress.

He said that four different modes had been suggested for

the redemption of the five-twenty bonds, and he set them forth as follows:—

"*First*: That these bonds may be paid, the principal in gold, at any time after five years.

"*Second:* That these bonds may be paid by a new issue of legal-tenders, similar in character to the kind issued when they were sold.

"*Third:* That either by selling a new bond or by levying taxes, we may draw into the Treasury, United States notes, and with these pay off or redeem the five-twenties.

"*Fourth:* The plan suggested by the committee, of giving to the holder of the bond, at his option, the right to take another bond bearing a less rate of interest."

There are some expressions in this speech, which are somewhat at variance with Mr. Sherman's settled opinions upon the subject to which they relate. To question the sincerity of those expressions would not be just, although he was very far from committing himself to the support of any measure, which would give the force of legal enactment to some of his propositions or arguments. To understand the portion of this speech, which relates to the payment of the bonds in legal-tender notes, we must understand the history of the legislation relating to the funding of the debt, and the refunding operations. As has been noticed already, Mr. Sherman was strongly opposed to the refunding of the temporary and non-interest-bearing and currency obligations, into long bonds, payable in coin. He was extremely solicitous that that error should be retrieved, so far as it was possible, and that the public loss from high interest should be minimized by a reduction of the interest upon the bonds which were about to mature. He desired to have every inducement to the exchange of six per cent. bonds for five per cents. held out. He believed that the doubt as to the kind of money in which the five-twenties were to be paid was a legitimate inducement to make use of and, with that in mind, he presented the full strength of the argument for payment in legal-tenders. There was another reason why it was of the first importance to have the doubt eliminated.

The public credit must soon be seriously affected by the constant agitation to pay the bonds in depreciated paper. All these impelled Senator Sherman to make every legitimate argument, and to use every proper inducement to secure the passage of the bill.

After he had summed up the argument, for and against the payment of the principal in coin, he said:—

"I submit, to Senators, whether the presentation of law and the facts in regard to the five-twenty loan, does not at least raise a reasonable doubt, upon which honest men may disagree. All that is necessary for my argument, is to show that there is such a doubt as to the manner of paying these bonds. If such a doubt exists, it ought to be removed, or some other bond substituted, in order that this unsettled question may not poison the public credit."

There was nothing in this measure, however, which would have abridged the right of the holder of these bonds, if it had become a law. Whatever may have been the arguments, made in its support, the measure itself was free from any provision or purpose to take from the public creditor, any right which he had under the law authorizing his security.

The bill pending, when Mr. Sherman made his speech, was in the form of a substitute for an original bill, which had been reported, by the Finance Committee, February 6th. The substitute contained six sections.

The first section authorized the Secretary of the Treasury to issue bonds of the United States payable in forty years, but redeemable at the pleasure of the Government, after ten years, bearing five per cent. interest, the principal and interest, payable in coin, and to be issued in sufficient amount to redeem the five-twenty bonds, and limited to that purpose.

The second section provided that the bonds should be exempt from State and local taxation, and that there should be set aside, out of the duties on imports, an amount equal to one per cent. on the bonds, which should be applied annually to the purchase or payment of the National debt.

The third section provided for a certain reduction of the

public debt each year by payment or purchase, in lieu of the sinking fund. The amount fixed was $135,000,000, in coin.

The fourth section provided for the exchange of five-twenty bonds for the ten-forties, authorized by the bill.

The fifth section provided for the exchange of greenbacks for bonds, and bonds for greenbacks.

The sixth section legalized coin contracts.

Later in the session, a substitute was offered for this bill and adopted. It provided for bonds running twenty, thirty and forty years, with interest at five, four and one-half and four per cent. respectively, and to be issued in sufficent amount to redeem the five-twenty bonds, but not to exceed $700,000,000. They were to be exempt from State and local taxation. Section two appropriated $135,000,000 a year out of the duties on imports, to be applied to the payment of the interest and principal of the public debt. Section three was substantially the same as section five of the first substitute, and provided for the conversion of greenbacks into bonds, and bonds into greenbacks. Section four was the same as section six of the first substitute, and legalized coin contracts.

The debate in the Senate, upon this substitute, began July 11, 1868. It was opened by Senator Sherman. He referred to his general speech upon the Refunding Bill, and said that he did not propose to repeat the arguments then made. He said in part:—

"Recent events, however, show the importance, the absolute necessity of making some movement toward the reduction of the interest on the public debt, with a view to lighten the burdens of the people. The Chicago Convention pledged the Republican party to make vigorous efforts to reduce the rate of interest on the public debt."

He again asserted that it was his opinion that the five-twenty bonds could be paid in legal-tenders, and that that right would probably be exercised if the bondholders did not consent to have their bonds of this character converted into the new bonds, but his utterances on this point were qualified as follows:—

"But the committee do not present that question. It is a question upon which there is a difference of opinion among men of all parties. We do not wish to present that question by the bill, nor does the bill present the question."

Mr. Sherman, in every instance, where he expressed an opinion, favorable to the right of payment of these bonds in greenbacks, connected with it the declaration that no legislation was proposed, whereby that manner of discharging the obligations should receive the sanction of subsequent enactment. Whatever of doubt there was upon this point grew out of the phraseology of the act, authorizing the five-twenty bonds — and he never proposed to solve that doubt against the public creditor by a subsequent law, in the nature of a declaratory act. To reach an end much desired, he held this doubt over the creditor's head *in terrorem*,— that is all.

During this debate, Senator Oliver P. Morton made a most forcible argument in favor of the right to redeem the bonds in greenbacks. Senator Edmunds, earlier and at this time, took the position, and sustained it with his usual ability; that the principal of the bonds was payable in coin.

Senator Henderson, of Missouri, moved to amend, by reducing the interest to four and one-half on the twenty-year bonds, four on the thirties and three and one-half on the forty-year bonds. This was lost. Then Senator Fessenden moved to amend, by making the bonds redeemable after ten years, at the option of the Government. In opposition to this amendment, Senator Sherman said that the original bill contained that provision, but upon careful investigation and consideration the committee had come to the conclusion that a long bond at a lower rate of interest would more likely be accepted in exchange for the six per cent. bonds. That it was very doubtful whether the holder would surrender a six per cent. bond for a five per cent. bond, unless the time was extended as an inducement, and that he had agreed to the twenty-year bond, as a part of the proposition to issue a thirty and forty-year bond, at a reduced rate of interest.

After the debate had run awhile, and mainly between Senators Sherman and Fessenden, Senator Conkling moved to strike out the third section, which was agreed to, and the third section was stricken from the bill. The bill, substantially in this form, passed both Houses, but was killed by a pocket veto. On the twenty-seventh of July, this session of the Fortieth Congress adjourned until the third Monday in September. On September 21st an adjournment was had until October 10th, and on this latter day both Houses adjourned until November 10th, and on that day to the first Monday in December, the constitutional time for assembling. The resolution for adjourning over, adopted by both Houses, was purposed to give Congress authority to convene on any of the days to which an adjournment had been had, at a preceding session, it the conduct of President Johnson rendered a meeting of Congress advisable.

## CHAPTER XXXI.

NOMINATION OF GRANT FOR PRESIDENT.— GRANT'S CONNECTION WITH THE JOHNSON ADMINISTRATION.— HIS POLITICAL PRINCIPLES.— CHICAGO PLATFORM.— SUFFRAGE NORTH AND SOUTH. — 1868 A YEAR OF REPUBLICAN JUBILEE.— DEMOCRATIC NATIONAL CONVENTION.— CHIEF JUSTICE CHASE.— VALLANDINGHAM.— PENDLETON.— SEYMOUR AND BLAIR NOMINATED.— THE PLATFORM.— SENATOR SHERMAN IN THE CAMPAIGN.— THE REAL ISSUE.— PRESIDENT JOHNSON'S LAST MESSAGE AND SCHEME OF REPUDIATION.— SHERMAN'S SENATE RESOLUTION AS TO PAYMENT OF FIVE-TWENTY BONDS.— CONSTITUTIONAL AMENDMENTS.

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Two months before the adjournment of the first regular session of the Fortieth Congress, the Republican party had met in National Convention at Chicago, and nominated Ulysses S. Grant for President, and Schuyler Colfax for Vice-President. Four days before the assembling of the Convention, the attempt to impeach President Johnson had failed by one vote on the chief article. The Republicans gathered, disappointed and bitter, but buoyant with the hope of certain victory under the leadership of the hero of Appomatox. Long before the assembling of the Convention, Republican sentiment had become substantially unanimous for the nomination of Grant. His identification with the administration of Johnson, after the first removal of Secretary Stanton, had been construed as a soldier's discharge of duty, unquestioned obedience to the orders of his superior officer. It had not materially affected his popularity, nor weakened him as a candidate for the Presidency, instead as has been suggested, it made him stronger and, in fact, swept the last obstacle from between him and the Republican nomination.

It is somewhat remarkable that Grant was not drawn into the controversy between Mr. Johnson and the Republican party in such a way as to alienate from him, not only the political support, but the friendship of the leaders of the party which subsequently bestowed upon him with absolute unanimity the Presidential nomination. A Republican civilian, who would have accepted an appointment in place of Stanton, would have been destroyed politically, but Grant was neither a civilian nor a Republican. During the months which preceded his nomination, when it seemed certain that he would be nominated, even within a few days of the Convention, after it was certain that he would be the candidate, not a word escaped the lips of General Grant to indicate that he would accept, if nominated, or that he believed in the principles of the Republican party. General Sherman felt sure that he would not accept if the platform was radical. Grant was a soldier and, if he had any political notions, they were not of the partisan kind. He did not hold to a political principle because a political party had adopted it. If he believed in it, it was because he thought it right.

General Grant deserved every honor that the Nation could bestow, yet such nominations are not fit to be made. The Government of the United States is a party Government. Bryce, in his work "The American Commonwealth," sets forth this idea more fully and clearly than any American writer, and as follows:—

"But the spirit and force of party has in America been as essential to the action of the machinery of government, as steam is to the locomotive engine; or, to vary the simile, party association and organization are to the organs of government, almost what the motor nerves are to the muscles, sinews, and bones of the human body. They transmit the motive power, they determine the directions in which the organs act."

And he remarks further, in the same connection:—

"In America, the great moving forces are the parties. The Government counts for less than in Europe, the parties count for more."

A political party in America is simply the organized exponent of certain political principles and these principles are made effective and potential, in governmental functions, through a party in power. It is an anomaly, and contrary to the spirit of American Government, that the leader of a party in power should not represent its beliefs and principles. Through all the years since the Federal Constitution was adopted, and the Government organized under it, the structure of the Government and its constitutional powers and duties have remained substantially the same, yet the manner of exercising these powers and discharging these duties have varied in a degree equal to the difference between the essential and governing principles of the great political parties. No one has ever seriously proposed to change the essential principles of the American Republic, and yet the instrumentalities, the political parties, through which these essential principles must be carried out, differ most widely and upon many important points are diametrically opposed to each other. And this has been so, almost from the beginning. The first parties were formed in Washington's Cabinet. The writer, quoted above, likened the parties of Hamilton and Jefferson to centripetal and centrifugal power. The one designed to make the Government strong by concentrating power in the central Government, the other by diffusing it through the States. This difference, flowing down the years, upon the streams of party organization, finally split the States in twain, yet the Government remained the same. This illustrates the proposition that, after all, party principles are the soul, the quickening spirit of the governmental body. It also proves that the Chief Magistrate of the Nation should represent and stand for the governing principles of the party electing him.

The platform adopted at the Chicago Convention contained a number of declarations, chief of which were a severe arraignment of President Johnson, a demand for equal suffrage in the South, and for the payment of the public debt according to the letter and the spirit of the law. The platform denounced every form of repudiation as a National crime.

The peculiarity of the platform was in its suffrage plank. It commended the legislation of Congress, which sought to secure equal rights of suffrage to the loyal men of the South, but declared that the regulation of the right of suffrage in the North properly belonged to the States. This unfounded distinction was incorporated, to avoid giving offense in the North, where a strong sentiment prevailed against conferring upon the negroes the right to vote in that section. This declaration proves simply that great progressive movements forward are not made in a day. The party upon which rested the burden and responsibility of changing the Constitution and the laws, to suit the changed conditions produced by the convulsion of war, must take some account of public sentiment. The changes must not be so rapid as to get ahead of the approbation of the people. And so the Republican party, in 1868, declared for universal suffrage in the South, because whatever the people thought about the principle as applied to the North they justified its application to the South, not alone as one of the penalties of treason, but that the freedmen might exercise the suffrage in defense, and protection of their civil rights. In the North, the colored people were secure in their civil rights.

At the meeting of the Convention, all the rebellious States had been reconstructed, or had accepted the conditions imposed by the Congressional plan, except Texas, Mississippi and Virginia, and they, of course, had no right to vote for President, yet the delegates from these three States were admitted to full rights in the Convention, and the Territories were, for the first time, given representation. It was a time of reconciliation — a year of jubilee. No National Convention ever assembled where there was such unanimity of sentiment, such certainty of ultimate success — where there was so much good feeling and good-fellowship in a political party. For three years Andrew Johnson had used the power, placed in his hands by the Republican party, to thwart its plans, and to defeat its purposes. The representatives of this party rejoiced that into the hands of Grant he would soon have to

surrender the office, which he had marred by passion, lowered by prejudice, and dishonored by apostasy.

Grant was the Republican candidate for President long before the vote was taken or announced. General Hawley, in announcing the result of the vote, said:—

"Gentlemen of the Convention, the roll call is completed. You have 650 votes, and you have given 650 votes for Ulysses S. Grant."

That told the whole story. His formal nomination was received with unbounded enthusiasm. The nomination was accepted in a letter, brief and unpolitical. He said he indorsed the resolutions, and would enforce the laws if elected. The closing sentence was the battle cry of the campaign:—

"Let us have peace."

The Democratic National Convention, of this year, met in New York on the fourth day of July. At this time "The Ohio Idea" had become the financial creed of the Democracy, and George H. Pendleton was its prophet. Chief-Justice Chase was a candidate, not openly, nor yet merely a receptive candidate; he was willing to accept the nomination, and to make any effort to secure it, short of organizing a bureau, or opening headquarters. His political beliefs had undergone a remarkable change. He accepted the Democratic creed of the time, with a single exception, he still held that the right of suffrage should be extended to the freedman. He became an affectionate admirer of Vallandingham, and he spoke of the latter's friendship as follows:—

"The assurance you give me of the friendship of Mr. Vallandingham affords me real satisfaction. He is a man of whose friendship one may well be proud."

Politics certainly make strange bedfellows. It may be true, as a matter of physics, that two men being together and starting in exactly opposite directions, if they travel far enough, may come together again; but the psychological process by which Salmon P. Chase, four years before, Lincoln's minister,

and Clement L. Vallandingham, four years before, an exiled traitor by Lincoln's decree, could reach similar political conclusions in 1868, does not permit of analysis or explanation.

When the Convention met, Pendleton was the leading candidate, and he was the logical candidate. He stood four square with all the Democratic heresies to which war and disorder had given birth. He had been as strong in opposition to the prosecution of the war, he had laid as many obstacles in the way of the administration, as had Vallandingham, but his agreeable person, his refined courtesy, his diplomatic methods had saved him from the humiliation of ostracism and exile, although he did not escape the odium of such a course at such a time. The Convention was opened by a speech from August Belmont. He denounced in most intemperate language, and with a heat hardly expected in a financier, the Congressional reconstruction of the southern States. He predicted that under the Presidency of Grant, Civil Government would be superseded by military despotism. No one took serious alarm, however, because in 1864 he had announced that, with Lincoln's reëlection, our social and political system would be dissolved "in bloodshed and anarchy." After some balloting, in which President Johnson received as high as sixty-five votes, in one of those whirlwinds of excitement which sometimes sweep through a Convention, Horatio Seymour, the permanent chairman, was nominated.

Governor Seymour was a northern man, and while his speech as chairman was radical and extreme in its denunciations of the Republican party, and its reconstruction policy, it was moderated by the diplomacy of language, and so the Convention looked about for a candidate for Vice-President, who did not possess or present any limitations, either in opinion or expression; in General Frank P. Blair, the brother of Lincoln's Postmaster-General, and a General by Lincoln's commission, the Convention found a candidate, who satisfied its utmost desire. At this time, General Blair was a political iconoclast. He said the President should declare the Reconstruction Acts null and void, dispossess the carpetbag gov-

ernments in the South, and allow the white people to organize their own governments. He said this was the only way to restore the Government and the Constitution. Of course, if the Government and the Constitution no longer existed at that time, if they were gone, as might be inferred from his proposition to restore them, then his course might have been pursued, but it was not admissible *under* the Constitution. General Blair was nominated for Vice-President by acclamation.

The platform denounced the Reconstruction Acts of Congress, "as usurpatious, unconstitutional, revolutionary and void," and declared that all obligations of the Government "not payable by their express terms in coin, ought to be paid in lawful money." There were other declarations, but these two were the material issues tendered.

Senator Sherman made speeches in a number of the States during this campaign and, as usual, contributed his share toward the election of the Republican ticket. The central figure of the contest, of course, was Grant, and the speeches and the literature of the Republicans dealt largely with his military achievements. It was not a campaign of education. It was the first Presidential election after the close of the war, and with its unrivaled military hero leading the Republican ticket, it was quite natural that the Republicans should take advantage of the fitting opportunity to celebrate military successes, and that the dry subject of finance should be somewhat overshadowed by descriptions of battles and sieges. Attention was given to the financial issues, of course, but Donelson, and Vicksburg, and Petersburg, were more entertaining topics for campaign oratory than money, and bonds, and refunding. The Democrats were inclined to accept the military complexion of the campaign, not for the purpose of extolling the soldier, but to give point to the charge that the country was in danger of a military despotism.

General Grant was elected by a majority of one hundred and thirty-four in the electoral college, and he had over three hundred thousand majority of the popular vote. Grant

carried six of the reconstructed States, and would have carried the other two if a fair election had been held. Mr. Seymour carried New York, New Jersey and Oregon.

The last session of the Fortieth Congress assembled a month after the election of General Grant. The annual message of President Johnson, recommended a scheme which, if carried into effect, would have repudiated the principal of the public debt. He said that it would be just and equitable to apply the six per cent. interest paid by the Government upon the principal, and that with such application the principal would be liquidated in sixteen years and eight months. He warned the bondholders that, if they were not satisfied with this manner of payment, it would be profitable to remember the fate of Shylock, who by exacting the letter of his bond, lost the whole and all his possessions beside.

Two most important pieces of legislation were inaugurated at this session. The first related to the kind of money in which the five-twenty bonds were to be paid. The doubt as to whether they were payable in coin, or lawful money, had seriously affected the public credit, and had been an issue disturbing and embarrassing. Some account has been given of the discussion which preceded this session. It was evident that no legislation could be completed while Mr. Johnson was President, but it was thought wise to have Congress declare, in some form, that these bonds and all public obligations not expressly payable in lawful money, should be paid in coin. The Senate Finance Committee prepared a Senate resolution declaratory of the purpose of the Government, and on the sixteenth of December, 1868, Senator Sherman reported it to the Senate. The resolution was not a square and unconditional declaration that these bonds would be paid in coin, it declared that the primary duty of the Government was to pay its notes in coin, and that the five-twenty bonds should not be redeemed until specie payment had been resumed. This form may have been adopted, so that those who had advocated the payment in lawful

money, could preserve the jewel of consistency. The resolution was as follows:—

"*Resolved by the Senate:* That neither public policy nor the good faith of the Nation will allow the redemption of the five-twenty bonds until the United States shall perform its primary duty of paying its notes in coin, or making them equivalent thereto; and measures shall be adopted by Congress to secure the resumption of specie payments at as early a period as practicable."

This was the first act toward strengthening the public credit by declaring through Congress the intention of the Nation to keep the strictest faith with its creditors.

The second important piece of legislation inaugurated at this session was the resolution to submit the Fifteenth Amendment to the Constitution. The weakness of the Republican position in declaring for universal suffrage in the South, under Congressional regulation or laws, and for State regulation of suffrage in the North, had not stood well in the campaign, and the party took advantage of the first opportunity to repair the error by submitting a constitutional amendment, making the right of suffrage impartial in all the States, so far as it might be abridged by reason of race, color or previous condition of servitude. The legal effect of the Fifteenth Amendment was to deny to the States the right to discriminate between persons having the general qualifications of voters because of their color, or because they had been slaves. This Amendment apparently left the States free to discriminate upon any other ground than the grounds mentioned and, because of this freedom, most of the southern States have enacted discriminating laws, the effect of which is to exclude a large majority of the colored people from the right to vote, and it is probable that these laws are not obnoxious to the Amendment. The three Amendments, the Thirteenth, Fourteenth and Fifteenth, were intended to secure, to the freedmen, complete civil and political rights, but they have failed to accomplish the good designed. The Thirteenth Amendment is in the nature of a deed of freedom to the col-

ored people in slavery, when it was adopted. The Fourteenth and Fifteenth are covenants that their liberty should be quietly enjoyed, and that the Government would warrant and defend the title. The covenants, intended to strengthen the title, have weakened it, so far as the right of suffrage is a part of liberty. The Fourteenth Amendment, standing alone, provides a comparatively easy method of enforcing its provisions as to the suffrage. Section two provides that, when the right to vote for President down to the members of the State legislature, is denied to any of the male inhabitants of a State, being twenty-one years of age and citizens, etc., except for participation in rebellion, or other crime, the basis of representation shall be reduced, in the proportion which the number excluded shall bear to the whole number of male citizens. By the terms of this Amendment, the denial or abridgment of the right to vote, in order to incur the penalty, need not occur by the act of a State through its legislature or officers, but the penalty of a reduced representation is incurred if, by any act, whether of law or lawlessness, the right to vote is denied or abridged. But the Supreme Court limited these terms to acts of the State. Then the Fifteenth Amendment, by expressing the grounds upon which the States were forbidden to deny or abridge the right of suffrage, viz: because of race, color or previous condition of servitude, impliedly left the States free to abridge the right upon any other ground. Prior to and since the war, several of the States have maintained upon their Statute books an educational test for suffrage. By no stretch could these tests be held to infringe the Fifteenth Amendment, but if, thereby, any of the male inhabitants of such States, twenty-one years of age, are excluded from voting, the representation of such State could be reduced under the provisions of the Fourteenth Amendment. It is under the guise of an educational test, that the southern States have disfranchised a very large majority of all the colored voters. These tests are contrived so as to exclude the ignorant blacks, but not the ignorant whites. The laws of these States discriminate, not between ignorance

and intelligence, but between white and black. The test does not apply to persons who are the descendants of persons who were voters prior, say, to the adoption of the Fourteenth Amendment. The enfranchised blacks, not having any voting ancestors at a date so remote as the time fixed by the laws, must submit to the test; while the whites, however ignorant or incapable of surviving the test, are supplied with voting ancestors, and thereby escape the test and disfranchisement.

General Grant was inaugurated President of the United States on the fourth day of March, 1869, amid most impressive ceremonies. When the oath had been administered to him by Chief-Justice Chase, there was a general feeling of relief engendered by the belief that, with the exit of Johnson, would go many of the disturbing and distracting questions, which had kept the country uneasy and agitated for three years. President Grant had had no experience in civil office, he had not announced definitely any code of political principles, save as he had indorsed the platform of the Convention, nominating him, yet notwithstanding this lack of experience in civil affairs, the absence of close affiliation with party organizations, the people felt secure in his good common sense, in his great love of country, in his sterling honesty. His inaugural address was very brief, and bore upon its face the evidence that it was not pronounced by a man who was in the habit of discussing public and political questions. He took the highest possible ground, upon the question of paying the National debt. On this subject he said: "To protect the National honor, every dollar of Government indebtedness should be paid in gold, unless otherwise expressly stipulated in the contract." He further announced that no man should be trusted in public place who would repudiate a farthing of the debt. The central idea of the address was his promise to execute, faithfully, the laws.

## CHAPTER XXXII.

THE FIRST SESSION OF THE FORTY-FIRST CONGRESS.—THE ACT TO STRENGTHEN THE PUBLIC CREDIT.—RECONSTRUCTION LEGISLATION.—THE SOUTH DURING RECONSTRUCTION.—THE TENURE-OF-OFFICE ACT.—MR. SHERMAN'S SPEECH.—REDISTRIBUTION OF NATIONAL BANK CIRCULATION.—MR. SHERMAN FORCES THE BILL TO ITS PASSAGE.—CREDIT MOBILIER.—FRAUD IN BUILDING PACIFIC RAILROAD.—MR. SHERMAN'S AMENDMENT CARRIED.—INTERNAL REVENUE LAWS.—MR. SHERMAN'S WORK AND STANDING IN THE SENATE.

IN PURSUANCE to an Act of Congress, the Forty-first Congress convened on the fourth of March, and took up the work of legislation contemporaneously with the beginning of the new administration. George Frisbee Hoar and Eugene Hale entered the House of this Congress, and began public careers of great distinction. With this Congress, Allen G. Thurman began his National career as Senator from Ohio. Judge Thurman had served a single term in the House almost a quarter of a century before he entered the Senate, and had achieved high distinction for legal accomplishments as a Judge of the Supreme Court of Ohio, but no one was prepared for that display of forensic ability, which almost immediately made him the leader of his party in the Senate.

Within a week of the opening of this Congress, the House passed a bill to strengthen the public credit. It was sent to the Senate and, on motion of Senator Sherman, the bill was substituted for a similar bill which had been favorably reported by the Finance Committee, and passed the Senate on the fifteenth of March, 1869. This was among the first acts approved by General Grant. The act recited:—

"That, in order to remove any doubt as to the purpose of the Government to discharge all just obligations, . . . it is hereby provided and declared, that the faith of the United States is solemnly pledged to the payment in coin, or its equivalent, of all obligations of the United States, not bearing interest, known as the United States Notes, and all interest-bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligations, has expressly provided that the same may be paid in lawful money, or other currency than gold or silver. . . . And the United States, also solemnly pledges its faith to make provisions, at the earliest practical period, for the redemption of the United States notes in coin."

The enactment of this law settled finally the troublesome question of the payment of the five-twenty bonds, or any other about which there was, or had been, question as to the manner of payment. It also reaffirmed and redeclared the Nation's purpose to return to specie payments at the earliest practical moment. All in all, this is the greatest financial measure either proposed or enacted within the first decade after the war. It not only inspired confidence in the public securities, and thus strengthened the public credit, but it speeded resumption by joining the bonds and the greenbacks, in a single promise to pay and redeem both, in coin.

At this session, legislation, supplementary to the Reconstruction Acts for Virginia, Mississippi and Texas, was enacted. These three States had not yet adopted constitutions, and they were still under military Government, and Congress provided for a submission, or resubmission of constitutions already prepared by conventions. President Grant, in a special message, dated April 7th, 1869, requested the authority of Congress to submit certain portions of the Virginia Constitution separate from the general question of the adoption of the Constitution itself. There was doubt whether the Constitution for this State would be adopted if it were submitted, to be rejected or adopted as a whole. The authority for a separate submission of certain propositions was granted, and by proclamation of May 14th, an election was appointed for July 6th, and the electors were invited to vote separately on the fourth clause of Section 1, of Article 3, which excluded from

the right to vote and hold office, persons who, having taken an oath to support the Constitution of the United States, had participated in the rebellion. Section 7, of Article 3, was also submitted to a separate vote. This section required an oath that the person had not voluntarily borne arms against the United States. The Constitution, as a whole, except these two provisions, was submitted to a vote. It was provided that the disabilities, imposed by these two clauses, might be removed by a three-fifths vote of the legislature, the vote to be taken in each individual case.

The President, by proclamations, dated July 13th and 15th, respectively, submitted the Constitutions of the States of Mississippi and Texas to the voters of these States. Three provisions of the Mississippi Constitution were submitted separately, as in the case of Virginia. The adoption of the Constitutions of these States, and the subsequent election and admission of their Senators and Members to seats in Congress, closed the long and troublesome era of Reconstruction. The four years of sanguinary war are brilliant with exhibitions of military science and strategy,—they are glorious with examples of soldier's valor,—but the four years immediately following, the period when the red heritage of the rebellion was heavy upon the shoulders of the people, we look back upon with horror. In most of the rebel States, for a series of years following the close of the war, organizations of ex-rebels and secessionists engaged in a system of persecution of the Union men, and those who were ready to accept the necessary and legitimate results of defeat, which will ever remain a blot upon the brave and chivalrous people of the South. It is difficult to believe that a people, who had exhibited the most exalted courage upon a hundred battle fields would dim the glory of open warfare in a sequel of assassination and barbaric cruelty. The acts of these years have no justification, but in the circumstances, they find some extenuation. At the conclusion of the war the southern people, although fully appreciating the utter collapse of their attempt to destroy the Union, yet believed that they would go forward in the Union

with their civil rights, and their political prestige substantially unimpaired. The terms accorded by General Sherman in accepting the surrender of General Johnson encouraged this hope—strengthened this belief. This delusion was partially dispelled when the civil authorities at Washington promptly set aside these terms, so far as they related to civil questions. Under the policy of President Johnson, the first organization of the governments of the insurgent States was made by the Confederates, and the governments controlled by them. The first Senators and Members elected under these governments were largely ex-Confederate soldiers or civilians, men who had held high positions, civil or military, in the extinct government. Congress refused admission to these Senators and Members. The rise of the Congressional plan of Reconstruction brought into view the certainty of a military rule in those States, indefinite in point of time, to be followed by a re-establishment of civil governments, to be created and controlled by men who had not forfeited their citizenship by rebellion, or who were willing to purge themselves by subscribing a new allegiance. Lincoln saw that when the war was over it would be found that but a small per centum of the southern men had not participated in the rebellion, and that any plan of reconstruction which contemplated the participation of a majority of the citizens in the proceedings, would defeat itself, or throw the reorganized governments into the hands of those who had been arrayed against the Government. To avoid either of these results, he provided that the States might be reconstructed by ten per centum of loyal citizens. In the long delay occasioned by the conflict between Congress and President Johnson, hopes were born only to die, expectations were partially fulfilled, and then disappointed; these States found the road back into political fellowship with the loyal States long and tortuous, beset with disappointment and humiliation. The military Governors were officers of the Union army, but the most aggravating circumstance, of the reconstruction period, was the settlement, in the rebellious States, of northern men, many of

whom had been officers in the Union army, some of them were soldiers of fortune, some of them politicians, and nearly all of them had no affinity, either of birth or sentiment, with the people among whom they sojourned in quest of office or fortune. Many of these were elected civil Governors of the reorganized States, Senators and Members of Congress to represent these States at Washington, and to complete the revolution, or rather to obliterate the last vestige, as it were, of the old order of things, here and there an ex-slave was elected to a high office, and thus put in authority over his former master. It is not remarkable, under these conditions, that the record of reconstruction should be marred by wrong and violence, and however little we are disposed to excuse or justify the terrible excesses of those troublous times, it is only fair that the circumstances be put beside the acts.

The first difficulty encountered by President Grant's administration was the Tenure-of-office Act. Congress, in tying the hands of President Johnson, so that he could not remove a civil officer of the Government, without the consent of the Senate, had also tied the hands of President Grant. Mr. Johnson had made many changes in the officers before the Tenure-of-office Act had been enacted, and now it was desirable that the new administration should have a free hand in the matter of removals. But Congress was in a dilemma about the matter. The leaders of both Houses had taken such high ground, upon the constitutional right of Congress to limit the power of the Executive over removals, and its duty to limit this power, that now it was difficult to get down without a fall. The House, never quite so proud of its constitutional opinions as the Senate, promptly upon its convening, passed, an act, wholly repealing the Tenure-of-office Act. This was the proper course to take, the law had been passed to meet an emergency, and the emergency having passed, the law should have been repealed. Right is much more beneficial in public service than consistency.

The Senate, however, was not ready to admit that the law was passed to corner President Johnson, and so it began to

substitute and amend, intending to leave enough of the law to avoid a conviction for inconsistency, and yet not enough to hamper the President in making removals. The bill was referred to the Judiciary Committee of the Senate, which reported it back, recommending that the word "repealed" be stricken out, and that the following be inserted: "Suspended until the next session of Congress." The effect of this amendment was to suspend the operation of the law until the next session of Congress. The report of the Committee precipitated a debate, in which most of the great constitutional lawyers of the Senate, participated. On this question Senator Thurman made his first considerable constitutional argument. He was in favor of an absolute repeal of the law, but he argued that the proposition to suspend the law was inconsistent with any rational theory of constitutional construction. Senator Morton followed in an able argument for absolute repeal, and in which he opposed the suspension of the law, and asserted that a vote to suspend would amount to a vote of want of confidence in the President. "It would be tantamount," he said, "to saying, we will try the President until the next session of Congress and if, at that time, his course does not commend itself to our judgments, we will reimpose the limitations of the law." Senator Edmunds made an elaborate speech in the debate. He commended the law, but favored its suspension.

An amusing incident occurred in this debate, which illustrates how grave Senators changed their opinions upon questions of constitutional construction, with the change of Presidents. Senator Yates, who had given Grant his first commission, and who, anxious that his friend should have the widest latitude in the removal of officers, was urging, with much eloquence, and many panagyrics on the President, that he should have the fullest power, etc., etc., when Senator Edmunds rose and said: "I wish to ask the Senator if he thinks this is the Constitutional law on the subject," reading six or eight lines from what appeared to be a legal opinion on the subject. Senator Yates, evidently not know-

ing or suspecting the source from which the extract was read, answered in a general way. The following colloquy then occurred between the Senators:—

MR. EDMUNDS: "My apology for calling the attention of my friend to the question I put was, that I was reading from his opinion as one of the Judges on the trial of Andrew Johnson for doing the very thing."

MR. YATES: "What opinion?"

MR. EDMUNDS: "The opinion of Mr. Senator Yates, of Illinois." (Laughter.)

MR. YATES: "Whatever I said in that opinion is good law." (Laughter.)

MR. EDMUNDS: "No doubt about that."

MR. YATES: "And good authority."

MR. EDMUNDS: "I agree to that entirely."

Senator Sherman followed Mr. Edmunds in a comprehensive speech, not upon the constitutional phase so much as it was a practical exposition of the workings of the Tenure-of-office Law. He said that it ought to be repealed because it would eventually lead to serious conflict between the Executive and the legislative power, and that constitutionally, the power of the Senate to consent to removals, if it existed at all, was only exercised in connection with the confirmation of an appointment to fill a place made vacant by a removal. It was plain, after the debate had run some days, that with the wide divergence of opinion on the Republican side, the bill would not pass, or ought not to pass in the form reported, so by common consent it was recommitted to the Judiciary Committee. On the next day the Committee reported, in the form of a substitute, an entirely new bill. This substitute provided, in substance, that every person holding a civil office, should hold for the term for which he was appointed, unless sooner removed by and with the advice and consent of the Senate, or by the appointment, with like advice and consent, of a successor in his place. It provided further, that, during the recess of the Senate, an officer could be suspended, and a person designated by the President to take his place, which

suspension and designation would hold until the end of the next session, and if the Senate did not consent to the suspension by confirming the person designated or appointed, the person removed should be restored to the office. The substantial change was in relieving the President of the necessity of filing the grounds of removal. The bill was further amended in conference, and when it finally passed, it gave the President the unlimited power of removal under the guise of suspension, and left the Senate no power, except as it might be held to advise and consent to a suspension through the confirmation of an appointment, to fill the place made vacant by a suspension. The law should have been repealed outright. It was said to be "a very good law for a bad President, but a very bad law for a good President."

At this session, legislation was enacted, providing for a more equitable distribution of the National bank circulation. Some of the States, notably the southern States, and a number of the western States, had very little of this money, while Massachusetts, Connecticut and Rhode Island had much more than their quota. A bill was reported by the Finance Committee of the Senate, and taken charge of by Senator Sherman, to increase the amount of National bank circulation $20,000,000, and to redistribute the whole, so as to give each State its proper proportion. These three States had secured an undue proportion of bank money, by and under a construction of a law by the Comptroller of the Currency, which allowed State banks, converting themselves into National banks, a preference over new banks. These States, having a large number of State banks, which immediately after the war, were converted into National banks, thereby secured a circulation, far in excess of the amount which could have been secured upon the basis of the distribution, provided for in the original law, viz: one-half according to the population of the States, and the other half according to the banking resources.

The bill encountered strong opposition. Conkling opposed it, because he believed that New York would lose some of its circulation under its operation. Senator Sumner charged

that it would be a breach of faith, to deprive any State of a portion of its National bank circulation. Mr. Fessenden was against it, and made a long speech in opposition. Senator Morton was in favor of the bill, and finally secured the adoption of an amendment which increased the amount to $30,000,000.

The burden of carrying the bill to a vote, was upon Mr. Sherman. The session was rapidly running toward a close, and, if the measure was to pass, it must be pushed against everything. Senator Fessenden first antagonized the bill, with the Indian Appropriation Bill. This appropriation had failed to pass the Senate at the last regular session of the Fortieth Congress. But finally Mr. Sherman succeeded, in having the bank bill made one of the orders of the day, and thus secured the right of way, which right, however, did not interfere with debate and amendment, both of which were indulged in for some days. Senator Sherman kept the bill going every minute when it was in order. On the thirtieth of March, the debate had run along until it was twenty minutes till five o'clock, when Senator Fessenden moved to go into executive session. Mr. Sherman opposed the motion, and appealed to the friends of the bill to sit until a vote was reached. The motion was lost, and the debate continued until late in the night, when the bill passed.

During this session the shadow of the *Credit Mobilier* first fell upon Congress. The thieves of the Union Pacific road had fallen out among themselves, and the secrets of their scheme began to find their way to the public. The *Credit Mobilier* was a corporation organized under the laws of Pennsylvania, and its members were the directors and the men interested in building the Union Pacific road, and such other men as Senators and Members of Congress, whose influence and power might be of use. Its purpose was to confine the enormous and illgotten profits in the building of these roads to a few men, and those the members of this company organized within the other organization. An agree-

ment had been entered into between the person in control of the *Credit Mobilier* and the directors, or a number of the directors of the Union Pacific, by the terms of which the directory of the Union Pacific should be perpetuated indefinitely, and this agreement was sought to be enforced by a provision that any of the members of the *Credit Mobilier*, not voting for the directors designated by this latter company, should forfeit their share of the profits in the *Credit Mobilier* Company. The machine had slipped a cog somehow, and a suit had been brought by Jim Fisk, before Judge Barnard, of New York, which gave out some of the secrets of the combination. A dissatisfied stockholder had brought another suit in Philadelphia, which made public more of the nefarious business. At this time it was rumored that the Union Pacific and the Central Pacific, instead of bringing the western and eastern portions of the road together, were overlapping and paralleling each other, in order to secure the munificent bonus which the Government was to pay for each mile of road constructed. This matter was under consideration in the Senate when Senator Stewart, of Nevada, made a long speech in which he exposed, so far as it was then known, the nature and purpose of the *Credit Mobilier* Company. But little was known then, and no one anticipated the revelations which followed in a few months, and which destroyed a number of eminent public men. Enough developed at this session, however, to show that the roads were being insufficiently constructed, of poor material and worse work, and that the profits on construction were enormous. Senator Nye said the road was "crookeder than the horn that was blown around the walls of Jericho." After the subject had been debated for a time in a desultory fashion, with an evident lack of knowledge of the true situation, and with but little suspicion of what would soon develop, Senator Sherman, always alert and mostly ready with a way out of difficulties, proposed, in the form of an amendment, a resolution of inquiry; it provided that a committee of five disinterested and com-

petent men be appointed by the President to investigate, and report upon the questions arising out of, and relating to, the building of these Pacific roads. The resolution pending when this was offered had been presented by Senator Howard, which provided, among other things, that Generals Thomas, McDowell, Halleck, Canby and Cram should constitute a Board of Commissioners to fix a point where the two roads should form a junction. After a long debate, Senator Sherman's amendment was adopted, and the first step taken which eventually brought to light the means and method by which the Government was plundered of millions of dollars, in the building of the Union Pacific.

The internal revenue laws were amended during this session, and other legislation of importance in the enacting of which Mr. Sherman took a leading part. This was an exceedingly busy session, the Senate holding frequent night sessions, and the "Globe" will show that in the debates upon every important question Senator Sherman participated and that, in nearly every case, he improved the measure by amendments, or added to the sum of Senatorial knowledge by his suggestions. The proceedings of this session of the Senate would illustrate as well as any other, the breadth, the diversity and accuracy of the Senator's knowledge of public questions. Here was discussed Reconstruction, Internal Revenue, Banking and Currency, the Public Credit, the Tenure-of-office—the Pacific railroads, and upon each of these topics he manifested the most exhaustive knowledge. He exhibited a familiarity with the history of all these matters which is marvelous, when we consider the time and attention which he must have given to financial legislation, and to the study of economic questions. In the last half century, several men have become deservedly eminent in the respective Houses of Congress, by their superior knowledge of a particular subject, and the fact that they were not authority on other subjects did not at all detract from their eminence; but John Sherman, while he was a specialist in finance, was an authority upon

many other public questions. He made no pretense to being a great constitutional lawyer, yet he was never found with his armor off or his visor down, even in an argument with Edmunds, or Carpenter, or Thurman, or Fessenden, or Sumner. He was not a business man in any strict sense of the term, yet he was as perfectly familiar with business questions and methods as Morrill, of Vermont, or Chandler, or Anthony, or Cattell, or Cameron.

## CHAPTER XXXIII.

Mr. Bryce's View of American Political Parties.—The Ohio Republican Convention of 1869.—Mr. Sherman Chairman.—The Democratic Convention.—The Platform.—The First Regular Session of the Forty-first Congress.—President Grant's First Annual Message.—Recommends Resumption and Refunding the Debt.—Death of Senator Fessenden.—Sherman and Fessenden.—Sumner's Refunding Bill.—Sherman Reports a Substitute.—Its Provisions.—His Speech —The Law Passed.—Amendment of January 20th, 1871.—Refunding the Debt.

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Bryce, the author of "The American Commonwealth," in his investigation of American institutions, did not find any great principle dividing the parties. In speaking of the two leading parties he inquires:—

"What are their principles, their distinctive tenets, their tendencies? . . . This is what a European is always asking of intelligent Republicans and intelligent Democrats. He is always asking because he never gets an answer. The replies leave him in deeper perplexity. After some months the truth begins to dawn upon him. Neither of the parties has anything definite to say on these issues; neither party has any principles, and distinctive tenets. Both have traditions. Both claim to have tendencies. Both have certain war cries, organizations, interests enlisted in their support. But those interests are in the main the interests of getting or keeping the patronage of the Government. Tenets and policies, points of political doctrine and points of political practice have all but vanished. They have not been thrown away, but have been stripped away by time and the progress of events, fulfilling some, blotting out others. All has been lost except office, or the hope of it."

This latter charge was wholly unfounded. There are times, it is true, when our parties seem to run out of substantial

issues or principles, and seem to battle to keep in or get in, but it is rare that a campaign does not exhibit the parties combatting over some important principle or policy. It happened in 1869, when the Republican State Convention of Ohio met at Columbus in June, that all the great questions growing out of the war had been settled, or seemed to have been, and there was nothing seemingly to declare for, except to congratulate the party upon what had been accomplished and completed, and to condemn the Democrats for their obstruction and opposition.

The war was ended, and several platforms since had contained felicitations on the result; the rebel States were back in the Union, or were coming back, and the faith of the Nation repledged to the payment of the debt.

Mr. Sherman was made permanent Chairman of the Convention, and in his speech expressed the situation as follows:

"As to our platform, it is hardly necessary for the Republican party to do more than point to the wonderful history of the past fourteen years."

The Convention renominated Governor Hayes, and adopted a platform.

The lack of important issues was abundantly supplied, however, by the platform of the Ohio Democratic Convention, which met less than a month later. This platform generally, specifically and unconditionally committed the party of the State to every political heresy and dogma which war and reconstruction had spewed out. It demanded that the Federal Government tax the Government bonds, and that the bonds should be paid in greenbacks; it denounced the National banks, the Fifteenth Amendment and radical rule. Upon the platform, General Rosecrans was nominated for governor. The General promptly declined the nomination, and in his letter of declination took occasion to announce his notions of the political situation, and his attitude on the current political question, which developed that he was in almost exact accord with the Republican party. To supply the vacancy,

Geo. H. Pendleton was nominated. With the issues, Ohio should have given Governor Hayes a large majority, but it was surprisingly small — somewhere between seven and eight thousand. The vote evidenced the rising tide of that discontent, which manifested itself in the demand for more money, and which later recruited the Democratic party sufficiently to enable it to carry the State.

The first regular session of the Forty-first Congress met on December 6th, 1869. President Grant's first annual message was a plain, business-like statement of the condition of public affairs. He called attention to the progress made in reconstruction. At this time seven of the Confederate States had been fully restored to the Union; Georgia had adopted a constitution entitling her to restoration, but immediately upon ratifying her constitution, in violation of its terms, her legislature expelled the colored members, and to the places thus made vacant, admitted men who were disqualified to hold office under the third clause of the Fourteenth Amendment. Virginia, at the election held on the sixth of July, had adopted a constitution, Republican in form, and had elected and installed a Governor and State officers. Mississippi and Texas had also held elections under the President's proclamation. With the exception of the situation in Georgia, the outlook was favorable for an early restoration of the Union, as it had been before the war.

The most important suggestions in the message related to the resumption of specie payments, and the refunding of the public debt, the two things which Senator Sherman had been striving after for three years. The message on these subjects was as follows:—

"Among the evils growing out of the rebellion, and not yet referred to, is that of irredeemable paper currency. It is an evil which I hope will receive your most earnest attention. It is a duty, and one of the highest duties of Government, to secure to the citizen a medium of exchange of fixed, unvarying value. This implies a return to a specie basis, and no substitute for it can be devised. It should be commenced now and reached at the earliest practical moment, consistent with a fair

regard to the interest of the debtor class. Immediate resumption, if practicable, would not be desirable. It would compel the debtor class to pay, beyond their contracts, the premium on gold at the date of their purchase, and would bring bankruptcy and ruin to thousands."

As to refunding the debt he said:—

"But the burden of interest ought to be reduced as rapidly as can be done, without the violation of contract."

There was a surplus of revenue for the fiscal year, ending June 30th, 1869, amounting to about fifty millions, and in view of this, and the probable decrease in expenditures, the President recommended a reduction of from sixty to eighty millions a year in taxes.

In the recess between the first and second sessions of this Congress, the Senate sustained an almost irreparable loss. Dr. Newman, the chaplain, in the opening prayer, referred to it in the beautiful language following:—

"But Almighty Father, in whose hands are the keys of death and hell, we deplore the absence of one unto whom Thou hadst granted much wisdom, and upon whom the people had conferred much honor. Thou hast changed his countenance, and sent him away. The lips, wise in council and eloquent in utterance, Thou hast sealed in death, and the place which knew him here will know him no more forever. May his brother Senators grow wise by this dispensation of Thy providence, and may his absence, unbroken by his return, be a perpetual reminder of their mortality; and, conscious of this, may they act for the future."

Senator Fessenden had died on the ninth of September. Although impaired in health, and somewhat irritable, by reason of physical affliction, he served with his great ability to the last day of the preceding session, and returned to his home in Portland, Maine, in no apparent danger of death. His Senatorial career had been most distinguished. As a debater, Mr. Fessenden had no equal in the Senate during the war period. If his manner was sometimes abrupt, and his speech personal, it did not detract from, but only marred

a little, the exhibition of his transcendent abilities. In his last speech in the Senate he engaged in a controversy with Senator Trumbull, of a decidedly personal character, yet in the memorial addresses, Mr. Trumbull spoke of him as follows:—

"Another has taken Mr. Fessenden's place, others will soon occupy ours, to discharge their duties better perhaps than we have done, and he, among us to-day, will be fortunate indeed, if when his work on earth is done, he shall leave behind him, a life as pure and useful, a reputation so unsullied, a patriotism so ardent, and a statesmanship so conspicuous as William Pitt Fessenden."

Mr. Fessenden and Senator Sherman were very closely associated in the public service from the time the latter entered the Senate until death closed the career of the great Maine statesman. They seldom agreed upon the smaller details of measures, but upon the great fundamentals of financial legislation they were never far apart in opinion. These two great men were as dissimilar in disposition as men could be. Sherman very seldom engaged in a controversy, personal in character, and he was not at all insistent about the small and immaterial details of a measure. Mr. Fessenden rarely engaged in debate when he did not throw off a few sparks which caused personal discomfort in some quarter, and while he rarely made long prepared speeches in the Senate, he was inclined to discuss details and incidental questions at length, if any Senator combated his position or opinion. During the whole of the war, except eight months at the end of Lincoln's first administration, Mr. Fessenden was Chairman of the Finance Committee of the Senate, and from the fourth of March, 1865, to the beginning of the Fortieth Congress, he was Chairman of that committee. He retired on the fourth of March, 1867. At this time, the appropriations were given to a Committee on Appropriations, and Mr. Fessenden took the chairmanship of that committee, while Mr. Sherman, for the second time, became Chairman of the Finance Committee. From a casual reading of the Congressional debates,

it would appear that these two men were always in disagreement about questions pertaining to the business of the Senate, but a careful examination would disclose that this was only an apparent divergence of opinion, and that upon the essentials of financial legislation, and upon the fundamental principles of economy and finance, they substantially agreed except upon the questions of taxing State bank money, the legal-tender quality of greenbacks, and the Act of April 12, 1866. Time has amply vindicated the position of Mr. Sherman on all these questions.

Early in the second session of the Forty-first Congress, Senator Sumner introduced a bill which embodied a plan for the refunding of the public debt. The bill was referred to the Finance Committee, and, on the twenty-eighth of February, 1870, Mr. Sherman, for the committee, reported a substitute for the Sumner Bill. The subject of refunding the debt at a lower rate of interest had engaged the attention of Congress for some years. It was recognized on all hands that it was the duty of the legislative department to place the debt upon terms more favorable to the Government. There was a great diversity of opinion among public men upon the fundamental questions relating to refunding. A number of influential Senators and Representatives believed that a large amount of the debt should be funded into long time bonds, and transmitted for payment to a succeeding generation. Others, like Mr. Sherman, were strenuous that an option reserving to the Government the right to pay the bonds within a short time, should not be lost, and that with the resources of the country, the whole debt could be paid in a generation. The life of the bonds determined largely the rate of interest, and the selling price. Mr. Boutwell, the Secretary of the Treasury, in his first annual report, recommended that new bonds to the amount of $1,200,000,000, be authorized, divided into three classes, one payable in fifteen years, one in twenty years, and the remaining third in twenty-five years. The condition of the issue to be as follows: The principal and interest payable in coin; the five-twenty bonds to be ex-

changeable for the new bonds; the principal to be payable in the United States, the interest in the United States, or in Europe, as the subscriber should desire; the rate of interest not to exceed four and one-half per centum; and lastly, that the bonds be exempt from all taxes except that the income should be subject to the income tax.

The substitute reported by Mr. Sherman conformed to some extent to the recommendations of the Secretary, and it contained some additional provisions. The bonds were divided into three classes; $400,000,000 of each class bearing interest at five, four and one-half and four per centum, respectively. The five per cent., payable at the pleasure of the Government after ten years, but due in twenty years, the four and one-half per cent. payable after fifteen years, but due in thirty years, and the four per cent. payable after twenty years, but due in forty years. These were made exempt from taxes, National, State, municipal or local. The interest coupons to be payable in the United States, or at the office of an authorized agent of the United States in London, Paris, Berlin, Amsterdam or Frankfort. A sum not exceeding one per centum was allowed to pay the expense of preparing, issuing and selling the bonds. A sinking fund of $150,000,000 a year was created, to be applied to the payment of the interest and principal of the public debt.

The bill provided that, within a year after its passage, National banks should deposit the bonds authorized, as security for circulation, and a failure to do so within the year should constitute a forfeiture of the right to maintain circulation, and that not more than one-third of the bonds deposited should be of either of the classes which bore five and four and one-half per cent. interest. Except that any bank might deposit legal-tender notes as security, and withdraw their bonds. Another provision limited the amount of circulation to eighty per centum of the par of the bonds. The last section provided that any bank might deposit United States notes to an amount not less than $100,000, and receive therefor

the four per cent. bonds, and deposit such bonds for security for circulation. The Senate amended the bill by striking out the clause permitting the deposit of legal-tender notes for circulation, and reduced the amount of United States notes which could be deposited for the four per cent. bonds to $50,000, with these amendments the bill passed the Senate on the eleventh day of March.

The bill, in its passage through the Senate, was in charge of Mr. Sherman. On the twenty-eighth day of February he made a long speech in support of the bill, in which he reviewed the history of the borrowing of money by the Government. This speech, like all of Mr. Sherman's speeches on financial subjects, was very able, and set forth with clearness the efforts which had been made to fund the debt upon terms more favorable to the Government, and the reasons why such efforts had failed. He discussed fully every question connected with the bill.

Upon the question of reserving the right to pay the bonds at the pleasure of the Government after a fixed time, as against a long time bond with no option, he said:—

"It may be that a bond running an indefinite period of time, a perpetual annuity, might bear a higher price in the money markets of the world than a bond payable at a fixed time, and yet it seems to me to be more important to reserve the right to pay the principal without paying a premium, than it is to avail ourselves of a lower rate of interest on a bond interminable in time. We have several times paid off our National debt. We paid off the debt of the Revolutionary. We paid off the debt of the War of 1812. We have always paid our debts before we agreed to pay them, and, whenever we entered the money markets of the world to buy our bonds, we were always compelled to pay a large premium. I have before me a table showing the amount of premiums we have paid for debts that have been redeemed from time to time. Take the loan of 1842. We desired to redeem it before it came due, and we paid fourteen and fifty-four hundredths per cent. premium. On the bonds of 1847 we paid eighteen and eighty-five hundredths per cent. premium, and they only ran a few years, but money was lying idle in the Treasury, and it was deemed best, by those having charge of our finances to pay them off, even at this high rate. The loan of 1848 was

paid off at a twenty per cent. premium. The loan of 1850, called the Texas Indemnity, was paid off at a premium of nineteen and ninety-five hundredths per cent. So with other loans paid off at different times, at a premium of from fourteen to twenty per cent. Many of the bonds which I speak of, which were redeemed at this high premium, were sold originally below par. I have shown, therefore, that it is important for us to reserve the right to redeem these bonds within a limited period of time, so that we may not, in the future, be compelled to pay high rates of premium."

In the debate, Mr. Sherman argued for the right of the holders of the legal-tender notes to exchange them for bonds, as one step towards the resumption of specie payments. He said that the time had come when the Government should recognize, in some practical form, that the legal-tender notes were obligations of as high and sacred character as any other form of the debt. He said that, if the Government could not then redeem them in gold, it should allow, to a reasonable extent, their conversion into bonds, and that such right would act powerfully to raise the notes toward a par with a coin.

The bill went to the House, and was referred to the Ways and Means Committee. Three months afterward, General Schenck, the Chairman of the committee, reported a substantially new bill, and it was substituted for the Senate measure. The House bill provided for bonds to the amount of $1,000,000,000, bearing four per cent. interest, and payable after thirty years. In other respects the bill did not differ substantially from the Senate bill. Conference committees of the two Houses were appointed. The Senate conferees were Sherman, Sumner and Davis, and the House was represented by Schenck.

After long consultation, in which the various propositions were canvassed, a compromise was agreed upon. The compromise embodied some of the features of both the original bills. $200,000,000 of five per-cent. bonds, and $300,000,000 of four-and-one-half per cent. bonds, of the character provided for in the Senate measure, were authorized, and $1,000,000,000 four-per-cent. bonds of the kind described by the House bill, were provided for.

The House rejected the conference report because it contained the National bank sections. A new committee eliminated the National bank provisions, and, when the latter report was up in the Senate, Senator Sherman severely censured the National banks, by whose influence the House had rejected the first report. He said that these banks ought to bear their share of the burden of the debt, and that it was not unreasonable to require them to assist in floating the new and lower interest bonds, by requiring them to use them to secure and maintain their circulation.

It was, no doubt, an error to authorize thirty-year bonds at a time when it was reasonably certain that, long before the expiration of that time, the Government would be able to pay them off, or fund them into a lower interest bond. But this law was the best that could have been passed, and greatly decreased the annual interest charge.

On January 20th, 1871, this act was amended so as to authorize $500,000,000 of the five-per-cent. bonds. It was then believed that the whole debt of the United States, except the United States notes, could be paid by the proceeds of the $1,500,000,000 of bonds authorized by the Refunding Act of July 14th, 1870, and by reason of this belief, the amendment of January 20th provided that it should not be construed to authorize a total of more than $1,500,000,000.

Thereafter, the refunding operations of the Government were carried on by virtue of the provisions and authority contained in this law, until in 1881, when Secretary Windom secured a reduction of the rate of interest to three-and-a-half per cent., upon a large amount of the debt, through an arrangement with the bondholders. There were $500,000,000 of the five-per-cent. bonds sold, and $90,000,000 of the four-and-a-half per cents. Secretary Morrill had entered into an agreement with a syndicate of Bankers for the sale of the four-and-a-half per cents., but conditions were such, at the beginning of President Hayes's administration, that it was thought the four-per-cent. bonds could be floated. Soon

after Mr. Sherman came into the Treasury as Secretary, he terminated the contract for the sale of the four-and-a-half per cents., and made arrangements and preparation to place the bonds upon the market.

The further details of these refunding operations will be noticed when the administration of the Treasury Department under Mr. Sherman is reached.

## CHAPTER XXXIV.

THE OHIO CAMPAIGN OF 1871.—A NEW DEPARTURE OF THE DEMOCRATIC PARTY.—MR. SHERMAN'S THIRD ELECTION TO THE SENATE.

THE campaign of 1871, in Ohio, presented two features of great general interest. The first was the election of a legislature, whose duty it would be to elect a United States Senator to succeed John Sherman. Mr. Sherman's candidacy for reëlection to the Senate for a third time gave this State contest a National importance.

The second interesting feature of the campaign was the "New Departure," inaugurated by the Democratic party of Ohio. Prior to the adoption of the Democratic platform of 1871, the party had stood consistently in its attitude of opposition to, and denunciation of the results of the war. The Democratic Convention of Montgomery county met on May 20th. At this Convention, Mr. Vallandingham introduced a series of resolutions, the general tenor of which was that the party was now ready to acquiesce in the settlement of the war questions, and, in the future, to regard those questions as no longer the subject of political controversy. This resolution was adopted. The Democratic State Convention, which met a few days later, at Columbus, adopted a platform embodying substantially the same declarations. This lead of the Ohio Democracy was followed by the Democrats of several other States. Vallandingham had been one of the most bitter and unrelenting opponents of the Constitutional Amendments; he had opposed the war from first to last, and, when it was over, he had as much to do as any single individual in arraying the Democratic party in opposition to the fundamental principles upon which the Republicans had sought to settle the

war questions. The general interpretation of his conduct, in this respect, was that he was seeking the way to party victory, with the ultimate object of succeeding Mr. Sherman in the Senate. This new declaration of position by the Democratic party of several of the States, and especially of the party in Ohio, attracted wide attention, and was the subject of much public discussion.

Horace Greeley said of it:—

> "The virtual surrender by the Democratic party of its hostility to equal rights, regardless of color, has divested our current politics of half their intensity. However the party may henceforth rise or fall, it is clear that the fundamental principles which have hitherto honorably distinguished the Republicans are henceforth to be regarded as practically accepted by the whole country."

The fall election of that year in Ohio resulted in the election of General Edward F. Noyes, the Republican candidate, as Governor, by a majority of about sixteen thousand. The legislature showed a small Republican majority on both Houses, but the margin was so narrow as to excite some fear that, under the peculiar circumstances, Senator Sherman might not be returned to the Senate. There was some factional opposition to his reëlection, on the part of a small number of Republicans. In his long service, he had been compelled, at times, to run counter to the wishes of some in respect to appointments, he had stood in the way of the personal ambitions of others, and still others were envious of his honors and position. It would be difficult to analyze more closely the motives of the Republicans who attempted to defeat Senator Sherman's reëlection at this time, but it is only justice to say that the rank and file of the party of the State, with substantial unanimity, were for his reëlection, and cast their ballots at the polls as much for him, although his name did not appear on the tickets, as they did for General Noyes. As soon as it was learned that the Republican majority, on joint ballot, was small, these discontented gentlemen set about organizing a scheme to defeat him.

The plan was to hold as many Republican members out of the Republican caucus as possible, and then combine them with the Democrats for some Republican, other than Mr. Sherman. The Republican caucus met on the evening of January 4th, 1872. The first ballot gave Mr. Sherman sixty-one votes to fourteen, which were cast for several distinguished men of the State. This was a very large majority, but a second ballot was taken in an effort to secure a unanimous vote of the Republican Senators and Members, but four votes on this ballot still refused to vote with the majority.

The two Houses of this legislature, voting separately upon the election of a Senator, took the first ballot on January 10th. This vote in the Senate stood as follows: Sherman, seventeen; George W. Morgan, Democrat, seventeen; Robert C. Schenck, Republican, one; Jacob D. Cox, Republican, one. In the House, Sherman, fifty-six; Morgan, forty-two; Cox, five; Aaron F. Perry, one.

The joint meeting of the two Houses occurred immediately after the separate vote was taken, and the first and only vote was as follows: Sherman, seventy-three; Morgan, sixty-four; Cox, one; Schenck, one; Perry, one. As soon as the roll call was ended, five Democrats changed their votes from Morgan to Cox. Others would have followed, but it was very soon apparent that a few Democrats, if they were to vote for a Republican, would vote for John Sherman. Mr. Sherman had a clear majority, and, before any further changes could be announced, Lieut.-Governor Mueller declared John Sherman elected.

Gov. Mueller was a German, and his command of the English language was not perfect. The form and manner of his announcement of the election of Mr. Sherman was very amusing. The announcement was as follows:—

"John Sherman, having received seventy-three votes for President in Congress (laughter), I mean for Senator in Congress, which being a majority over all them others, I declare John Sherman duly elected Senator in Congress from Ohio."

## CHAPTER XXXV.

THE DEMONETIZATION OF THE SILVER DOLLAR IN 1873.—HISTORY OF THE LEGISLATION.—MR. SHERMAN'S PART IN IT.

FOR many years, indeed, from the first business depression or the first financial disturbance after the war, almost to the end of his legislative career, Senator Sherman occupied a position that was unique among the statesmen of the country. In the current political criticism of the time, he was held to a greater responsibility than the President, greater even, than his party. Of course, this responsibility imputed to him was vicarious for the Republican party, but in it,—in this imputed responsibility for conditions in respect to the great financial and business interests of the country,—we see better, perhaps, than from any other point of view, the exalted position which was accorded him by his political opponents, and the vast influence which he was supposed to wield in the high councils of the Nation. And yet he was never charged with being a political boss, or a doctrinaire. In fact, few men of his position and influence, in his time or at any other time in the history of the country, had less to do than Mr. Sherman in the control, management and manipulation of party politics. It is probable that he never wrote a platform. It is quite certain that he never owned a convention, or ever attempted to own one. He was always frank in stating the general principles which, in his opinion, should be declared, and adhered to by his party, but he never sought to dictate nominations, nor to control through party machinery. He was not, and, with the dominant qualities of his constitution, he could not have been, a politician either of the best or worst type. This responsibil-

ity was not attributed to him because he was the political head of the Republican party, for he never was that, in any just sense, but because he was believed to be the most influential statesman in his party, in the shaping and enactment of measures in respect to financial and monetary interests.

If the price of agricultural products happened to be unduly depressed, if labor did not easily find employment at good wages, if capital did not find a ready and profitable investment; for any financial, monetary, commercial or industrial ill with which the country might be afflicted, or from which the people might suffer, the Democratic party cast the blame upon John Sherman. As has been suggested, much of this blame he suffered vicariously for his party, and the object of the charge was ingeniously contrived in the logical belief that individuals could be more easily alienated from their party, by cultivating dissatisfaction with a man, than with the acts of the party for which all its members were, or felt themselves to be, more or less responsible.

The discontinuance, or demonetization of the standard silver dollar by the Act of 1873, is a case in point. Responsibility for this measure was charged against Senator Sherman, although he voted against it in his passage through the Senate, and in no sense could he have been considered the author of the bill, or its sponsor. For a long time prior to 1870, the year the bill which finally became the Act of 1873, was introduced in the Senate, the Treasury Department had felt the need of certain amendments to the coinage and mint laws, and a general revision of these laws had been frequently discussed. Early in the year 1870, the Treasury Department took steps to bring the matter to the attention of Congress in such practical form as would promise some degree of relief. The formation of a measure was entrusted to John Jay Knox, the Deputy Comptroller of the Currency, and an expert in all matters connected with the mint and coinage laws. Mr. Knox was an honest official, and had no political ends to accomplish. He was not a politician, nor could he have been interested pecuniarily in the measure which he drafted.

His work was done with the most scrupulous fidelity to the objects to be attained, all of which were honest, beneficent and openly expressed.

The first object of the bill was to create an official and responsible head of the mint, and, to do this, it was necessary to create a Bureau, which the bill provided for. Time had made many of the laws relating to the mint obsolete, or, if not obsolete, their execution injurious. The aim was to so revise and amend the whole body of the laws, relating to coinage and the mint, that obsolete and injurious provisions and laws should be eliminated, and such new laws or provisions enacted as experience had shown to be desirable. The proposal was not for a simple codification, but for revision and amendment.

On the twenty-fifth day of April, 1870, the Secretary of the Treasury, Mr. Boutwell, sent to Senator Sherman the following letter:—

TREASURY DEPARTMENT, April 25, 1870.

*Sir*:—

I have the honor to transmit herewith a bill revising the laws relative to the mint, assay offices and coinage of the United States, and accompanying report. The bill has been prepared under the supervision of John Jay Knox, Deputy Comptroller of the Currency, and its passage is recommended in the form presented. It includes, in a condensed form, all the important legislation upon the coinage, not now obsolete, since the first mint was established in 1792; and the report gives a concise statement of the various amendments proposed to existing laws, and the necessity for the change recommended. There has been no revision of the laws pertaining to the mint, and coinage since 1837, and it is believed that the passage of the enclosed bill will conduce greatly to the efficiency and economy of this important branch of the Government service. I am very respectfully, your obedient servant.

GEORGE S. BOUTWELL, Secretary of the Treasury.

Directed:

HON. JOHN SHERMAN,
Chairman Finance Committee, United States Senate.

The bill transmitted with the report was the bill drafted by Mr. Knox, and it was introduced in the Senate by Mr. Sherman, as it was sent to him. Accompanying the bill was

an elaborate report prepared by Mr. Knox, in which he set forth fully and clearly each provision of the measure; he stated wherein the new proposition differed from the existing law, and the reasons which impelled the Department to recommend the passage of the bill.

The Coinage Act of 1873, commonly called the "Crime of 1873," has been more generally misunderstood, and more persistently misrepresented as to the manner of its passage, than, perhaps, any other law of Congress, and it would be hardly worth while at this time to restate to any extent the history of that measure, were it not for the fact that many people still believe that Mr. Sherman was responsible for the law, and that in its enactment he had some sinister motive. For many years passion and prejudice precluded any rational inquiry into the facts. The act became the subject of such bitter political controversy that for a long period the most unfounded statements were accepted as truths, and the most thoroughly established facts were denied,—while the issue was political the usual rules of proof were in abeyance. The great majority of the people now believe that there was no politics in the passage of the Act of 1873, that there was no political advantage sought, and no design to injure or benefit special interests. There can be no doubt but that the very general demonetization of silver as standard money by the great commercial nations of the world caused the remarkable and unforeseen depreciation in the price of silver, and caused that wide and unbridgeable divergence between gold and silver, which destroyed all possibility of the use of both as standard money upon any practical ratio. But it must be remembered that a few cents divergence between the metals upon any accepted ratio as completely destroys the one or the other as standard money, as though the difference was great. The dropping of the standard silver dollar, in 1873, had no more practical effect upon the dollar itself as money than though the law had provided that after its passage there should not be coined in the mints of the United States the Swiss franc, or the German mark. The silver dollar had been

practically obsolete since 1834, and the omission of that coin from the law was no more than the simple withdrawal of an authority, which had not been exercised for more than a generation to an extent materially influencing either the value of silver as a product, or the use of silver as standard money. It also should be remembered that it was only in the light of events long subsequent to the act that its alleged wrong was discovered. In the light of antecedent, or contemporaneous events, no one has had the temerity to charge that the demonetization of the silver dollar seemed wrong, but after the fact it was comparatively easy to argue the wisdom of a different course. When the Act of 1873 passed, silver at the ratio of sixteen-to-one was of more value, by two or three cents, in the dollar than gold. This small divergence had effectually demonetized the silver dollar for nearly forty years, so that the Act of 1873, in a manner, only gave legal sanction to a demonetization of the silver dollar which had been wrought by a law so potent and certain in its operation as to defy the laws of legislatures to stay or change.

The report of Deputy Comptroller Knox, or that part which referred to the provisions of the bill relating to the silver dollar, was headed in large type, "SILVER DOLLAR, ITS DISCONTINUANCE AS A STANDARD." Under this heading he stated:—

"The coinage of the silver dollar piece, the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and, assuming the gold to be fifteen and one-half times that of silver, being about the mean ratio for the past six years, is worth in gold a premium of about three per cent. (its value being $1.0312), and intrinsically more than seven per cent. premium in our other silver coins, its value being $1.0742. The present laws consequently authorize both a gold dollar unit, and a silver dollar unit, differing from each other in intrinsic value. The present gold dollar piece is made the dollar unit in the proposed bill, and the silver dollar piece is discontinued."

Certainly any one reading this report could not have misunderstood the provisions and purpose of the bill, but many Senators and Members do not find time to read every report

or document which may be submitted to Congress, nor are they able to read every bill that may be introduced, but a Senator or Member whose State is interested in a measure, or may be materially affected by it, should have time to read such measure, or if it be one of general nature, and the subject of general discussion, a plea of ignorance should be filed only as a defence in the nature of confession and avoidance.

The report contained the following suggestion regarding the silver dollar:—

"If, however, such a coin is authorized (that is, a dollar piece), it should be issued only as a commercial dollar, not as a standard unit of account, and of the exact value of the Mexican dollar, which is the favorite for circulation in China, Japan and other oriental countries."

The Secretary of the Treasury transmitted to Congress with the bill a number of opinions of experts, which had been secured by the Department in investigating the matter, and all, or nearly all of these opinions, under appropriate and accentuated headings, discussed the discontinuance of the silver dollar. It is quite probable that most of the Senators and Members knew at the time that the silver dollar was dropped, and that the standard unit was shifted from silver to gold, but it was done with such unanimity of action and sentiment that this particular provision of the measure did not impress itself upon their minds.

The bill itself gave ample notice of its provisions. Section fifteen was as follows:—

"SEC. 15. *And be it further enacted:* That the silver coin, the weight of the half-dollar, or piece of fifty cents, shall be one hundred and ninety-two grains, and that of the quarter dollar and dime shall be, respectively, one-half and one-fifth of the weight of said half dollar; that the silver coin issued in conformity with the above section shall be a legal-tender in any one payment of debts, for all sums less than one dollar."

Section eighteen was as follows:—

"SEC. 18. *And be it further enacted:* That no coins, either of gold, or silver, or minor coinage, shall hereafter be issued from the

mint other than those of the denominations, standards and weights herein set forth."

A portion of Section fourteen read as follows:—

"SEC. 14. That the gold coins of the United States shall be a dollar piece, which, at the standard weight of twenty-five and eight-tenths grains, shall be the unit of value."

The title of the bill stated its purpose in the following language:—

"A bill revising and amending the laws relative to the mints, assay offices, and coinage of the United States."

It is difficult to understand how any member of either House of Congress could have overlooked so important a measure. None certainly could have misunderstood the explicit provisions of the bill. The measure on its face purported to carry amendments to the coinage laws; it was not a simple codification where it might be assumed that only matters of form would be dealt with. It is just as certain, however, that many Senators and Members, when the law became the subject of violent political controversy, years after, could not recall the facts and circumstances of its passage from memory, and upon this lack of memory was very largely predicated the charge that the law was surreptitiously passed.

The bill was introduced by Mr. Sherman, in April, 1870; it was referred to the Finance Committee, and ordered printed in the usual way for the information of Congress, and the public. No action was taken upon it at this session. At the next session, and on the nineteenth day of December, the Finance Committee unanimously reported the bill with certain amendments, and recommended its passage. Early in January, 1871, the bill was considered in the Senate for several days, and a long debate ensued over the amendment, providing a mint charge for coining gold. The provision imposing a charge, or tax upon gold coinage, was strongly supported

by Senator Sherman, and it was the only portion of the bill in which he took a particular interest. On the ninth of January he made a speech in support of the mintage charge, and he then gave notice that, unless the amendment was retained, he would not support the bill. He said:—

"On a question of this kind, which involves rather a matter of business detail, it is somewhat difficult to secure the attention of the Senate, but I hope I shall secure it sufficiently to show that this amendment is vital to the passage of the bill. Without this amendment I certainly would not vote for it, and I imagine that a majority of the Senate would not if they understood the subject as thoroughly as most of the Committee on Finance, who have examined it."

The amendment was voted out, and for that reason Senator Sherman, Senator Morrill and other Senators voted against the bill. It does not seem probable that if there was a gigantic scheme, as was afterwards alleged, to demonetize silver, and that Mr. Sherman was a participant in the scheme, that he would endanger the passage of the measure by voting against it simply because a mint charge on gold was eliminated,—a thing that had no material connection with the discontinuance of the silver dollar.

The bill passed the Senate, and in the House was referred to the appropriate committee, but it was not reported back, and died with that Congress. At the first session of the succeeding Congress, Judge Kelley, of Pennsylvania, reintroduced the bill in substantially the form in which it had passed the Senate, except that it provided for a silver dollar of three hundred and eighty-four grains. The bill was reported from the committee, and its passage recommended. It should be remembered that nearly two years had elapsed since the bill was first introduced in the Senate,—in the *interim* it had been printed for both Houses, and reprinted several times. At no stage, prior to the bill introduced by Judge Kelley, had the standard silver dollar been provided for, and when a dollar was provided for it was not the four hundred and twelve and one half-grain "Dollar of the Fathers,"

but a coin of the weight and value of the French five-franc piece,—a wholly new creation,—a commercial piece of limited legal-tender.

Mr. Hooper had charge of the bill in the House; and he made the following explanation of the provision of Section sixteen, the section providing for the silver coins:—

"Section 16 reënacts the provisions of existing laws defining the silver coins and their weights, respectively, except in relation to the silver dollar, which is reduced in weight from four hundred and twelve and one-half to three hundred and eighty-four grains; thus making it a subsidiary coin, in harmony with the silver coins of less denomination to secure its circulation with them."

He then stated the reasons for the change. He said:—

"The silver dollar of four hundred and twelve and one-half grains, by reason of its bullion and intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and it is melted by manufacturers of silverware. It does not now circulate in commercial transactions with any country, and the convenience of those manufacturers, in this respect, can better be met by supplying small stamped bars of the same standard, avoiding the useless coinage of the dollar for that purpose."

The silver dollars proposed in the House bill was the exact equivalent of the French five-franc piece, and equaled in weight two silver half dollars. The piece was purely subsidiary in character, and, like the smaller coins, limited as a legal-tender to five dollars in any one payment. In this form the bill passed the House, went to the Senate, and was referred to the Finance Committee. On the sixteenth day of December, 1872, it was reported back with amendments. The most important amendment was one substituting a trade dollar of four hundred and twenty grains for the French dollar. This amendment was petitioned for by the legislature of California, and was put in to supply American merchants trading with eastern countries with a desirable coin. Neither the Senate dollar nor the House dollar bore any similitude in weight, or legal-tender quality to the old standard dollar. At least neither was dressed in any deceptive habiliments. The trade dollar

amendment, and some others, sent the bill back to the House, and the House, not concurring in the amendments, the bill went to a conference committee upon the disagreeing votes of the two Houses. The conferees on the part of the Senate, were Senators Sherman, Scott and Bayard, and on the part of the House Samuel Hooper, Mr. Stoughten and Mr. McNeeley.

Before the conference committee was appointed the House took action upon the Senate amendments. The amendments were engrossed, and reported to the House, and, in this report, Section fifteen appears as follows:—

"SEC. 15. That the silver coins of the United States shall be a trade dollar, a half-dollar or fifty-cent piece, a quarter-dollar or twenty-five cent piece, a dime or ten-cent piece; the weight of the trade dollar shall be four hundred and twenty grains, troy."

The House conferees agreed to the trade dollar amendment, the conference report was concurred in by both Houses and the bill became a law.

The wisdom of the coinage provisions of this law was not questioned for some years after its passage, and it was only when the political parties were struggling to locate the causes of the panic, which began in the fall of 1873, and seeking party advantage, that the charge was made that the demonetization of the standard silver dollar was secretly accomplished. The unforeseen and unprecedented fall in the price of silver, following the passage of the law, was seized upon, and presented as evidence, that the measure was unwise. Before the atmosphere of the contention had cleared, a number of gentlemen who had been prominent in the Senate or House when the law was passed, made statements in which they claimed not to have known that the silver dollar was discontinued. Among these was Judge Kelley, who was chairman of the House Committee on Coinage, and his statement was used with effect on account of his position. It was said that if the chairman of the Committee of the House, having charge of the bill, did not know of this provision, who did know? The situation itself provided a very easy solu-

tion, and a perfectly truthful explanation of Judge Kelley's failure to recall the facts. Judge Kelley was a member of the Committee of Ways and Means,—he was a tariff expert,—and, no doubt, all his time was occupied in the duties incumbent on him as a member of the leading committee. Mr. Hooper was an expert in financial and monetary legislation, and was regarded as an authority upon questions of money and finance. He had charge of the bill in the House, and from the fact that Judge Kelley was not on the Conference Committee, it is quite plain that he took no considerable part in the committee, or House proceedings. The House bill introduced by Judge Kelley omitted the standard silver dollar, and provided a wholly different coin to take its place. On March 9th, 1878, Mr. Kelley, in a speech in the House, spoke of the dropping of the silver dollar, as follows:—

"I do not think there were three Members in the House who knew it. I doubt whether Mr. Hooper, who, in my absence from the Committee on Coinage, and attendance on the Committee on Ways and Means, managed the bill, knew it. I say this in justice to him."

More than a year later, on May 10th, 1879, he spoke again in regard to the same thing and said:—

"All that I can say is that the Committee on Coinage, Weights and Measures, who reported the original bill, were faithful and able, and scanned its provisions closely; that as their organ I reported it; that it contained provision for both the standard silver dollar, and the trade dollar."

In this statement Judge Kelley was wholly mistaken, in asserting that the standard silver dollar was in the bill reported from the House Committee. From the records it appears that this dollar piece was at no time proposed by any bill or amendment, from the beginning to the end. From his statement that the committee "scanned its provisions closely," it is clear that the members of the committee, other than Judge Kelley, must have known what the bill contained.

The law of 1873, in dropping the standard silver dollar,

and in changing the monetary unit from it to the gold dollar, was a wise measure, in the light of the facts existing at the time, but in the light of the subsequent events Congress seemed to have builded wiser than it knew. At that time, no one, either public man or mine owner or mining expert, could have foreseen the immense increase which was soon to begin in silver production from American mines. This increase, the potent factor in decreasing the price of silver, was beyond the ken of man in 1873. The controlling reason for dropping the dollar was the exact converse of the reason which subsequently prompted the persistent effort to restore it. In 1873 the bullion in the silver dollar was more valuable, measured in gold, than the dollar after it was coined. Therefore, the owner of the silver bullion would not carry it to the mint, in order that its value might be reduced in the process of coinage. If he did, it was not that he desired to use the coin as money, but because the coin was a suitable coin for export, or for use in manufacture. Some years after 1873, when the bullion in the silver dollar was of much less value, measured in gold, than the coined dollar, the owner of the bullion desired it coined for his benefit, because the coined dollar was more valuable than the bullion. If the monetary unit had remained in the silver dollar, and the right to an unlimited free coinage of the dollar continued through the vast production of silver from American mines, and the demonetization of silver in foreign countries, we would have been forced to the silver standard. The Act of 1873 saved the country from the humiliation, and the incalculable losses of such a catastrophe. The statesmen who contributed to its passage, whether conscious or ignorant of the silver dollar provision, rendered the country a service so immensely valuable that no comparison or standard can measure it.

The events of the decade from 1866 to 1876 relegated silver to a subordinate position in the monetary systems of the world. Among these the most potential may have been the legal demonetization of silver by the great commercial nations, but yet these acts were not passed by any concert, or, as

the result of a conspiracy against silver, as some have believed. The commercial and monetary conditions, whether fully understood and appreciated at the time or not, constrained the leading minds of many nations to the conclusion that the use of both gold and silver, as standard money upon a fixed ratio, was not practicable, and that, for a single standard, gold was the preferable metal. Up to 1873, and somewhat later, no one saw far enough into the future to conceive of the remarkable fall in the value of silver, which was to occur in a comparatively brief time.

The conditions indicated, however, such depreciation in the value of silver as compared with gold as to disturb seriously, if not destroy, the use of both gold and silver, upon the fixed ratio, as standard money. The conditions were an enormous increase in the silver product, and a corresponding decrease in the use of silver in the monetary systems. In 1864, the output of silver in the United States was about eleven million dollars ($11,000,000) worth; in 1870, the amount had increased to sixteen millions ($16,000,000); in 1875, to thirty-two millions ($32,000,000); and in 1876, to about forty millions ($40,000,000).

From the beginning of our Civil War until the blockade of southern ports was lifted, and the fallow fields of the South were again producing cotton, the raw cotton for European manufacturers was obtained largely from British India. To pay for this, during the years from 1862 to 1866, millions of silver went to India and was absorbed in her money system. The aggregate, during the four years, was two hundred and seventy millions ($270,000,000,) or nearly seventy millions ($70,000,000) a year. When the exchange of India cotton for silver ceased in 1866, or 1867, at least, to a large extent, there almost immediately began, by British capitalists, the building of railroads, canals and other public improvements in India, and these improvements contributed thirty-five millions ($35,000,000) a year for four years in silver. These improvements having been substantially completed in 1870, the demand for silver for that country fell to five millions

($5,000,000), and for some years thereafter, did not exceed ten millions ($10,000,000) a year.

In 1871, Germany demonetized silver, and the Latin Union quickly thereafter limited its coinage of the white metal. Germany, after reserving all the silver she needed for subsidiary coinage, had millions to sell, when it would command the best price. England had all the silver she needed for her subsidiary coinage, and, therefore, was not a purchaser of the metal. If the United States had not passed the Act of 1873, but had opened her mints to the free coinage of silver, dollar for dollar, at the ratio of sixteen to one, between the flood from Nevada and the floods from Europe, we would have been overwhelmed with silver, gold would have left the country and a silver standard would have resulted.

## CHAPTER XXXVI.

### History of the Resumption of Specie Payments.

For some three or four years after the close of the Civil War the President and Congress were absorbed in the attempt to settle the great political questions, which followed close upon its heels. The readjustment and refunding of the great mass of the public debt, temporary in character, demanded immediate attention; but contemporaneous with these the question of the return to specie payment was discussed, and began to take practical form. At the beginning of President Lincoln's second administration, Mr. Fessenden was succeeded, as Secretary of the Treasury, by Hugh McCulloch, of Indiana. Mr. McCulloch had been Comptroller of the Currency, in that office he had won high regard as a financial officer, and on that account was promoted, to the head of the Treasury Department, by Mr. Lincoln. In 1865, the general opinion of the country was that, in a short time, in some way and by some easy process, without serious injury to business or property interests, and without great hardship to any class, we would resume specie payments. These opinions were largely the product of exuberant hope, and a lack of experience. True, the light of experience shown upon the problem from other lands, but in our Government, and with our monetary system, the question was a new one, the course unmarked.

At this time but few had any adequate conception of the long road we were to travel, and the years that would intervene before the paper money of the Nation would be equal to and interchangeable with coin. A prediction that it would take fourteen years to resume would have been ridiculed and

regarded as so preposterous as to require no answer. This feeling of hope and confidence was natural. The financial operations of the war period had been marvelously successful, the raising of the vast sums necessary had not apparently injured business, nor crippled the material resources of the Nation. Under these circumstances, it seemed that the Government could do what it would. It was expected, however, that a reaction would follow the period of financial expansion, and, in some quarters, grave apprehensions were entertained that the return to normal conditions would be attended with some business depression, perhaps industrial paralysis and panic.

The first plan for the redemption of United States notes, and for the refunding of the interest-bearing obligations of the Government was suggested by the Secretary of the Treasury, Mr. Hugh McCulloch, in his annual report, submitted to Congress in December, 1865. At this time, the total debt of the United States, in round numbers, was $2,739,000,000, of which sum $1,618,000,000 consisted in temporary obligations, the greater part of which had to be paid or refunded within a brief period. The legal-tender notes and fractional currency amounted to $452,000,000. For this latter sum there was no time fixed for payment, but the faith of the Nation was pledged to redeem them, at some time, in gold or silver, or make them receivable for some other form of obligation, which would ultimately be paid in coin.

The leading feature of this report of the Secretary was its plan for resumption. It was proposed to resume specie payments by redeeming and destroying the greenbacks as rapidly as the public welfare would permit, or, at least, to continue the process of redemption and destruction until the notes remaining in circulation should be forced to a par with gold. The Secretary asked for authority to issue six per cent. bonds, and thereby to raise the means to redeem the notes. He also recommended that the legal-tender quality of the compound interest notes should *cease* at maturity. Whether the greenbacks in circulation when they should be brought to par with gold

should remain in circulation, or be redeemed and destroyed, was left undetermined. Just how far the process of redemption and destruction would have to go before parity would be reached, was, of course, a matter of conjecture, but the Secretary believed that the retirement of a hundred million would bring the remainder to par. Men in debt took alarm at this proposition to reduce so materially the volume of money, but the House of Representatives, immediately and without debate or consideration, passed a resolution concurring in and commending the proposition of the Secretary, to contract the currency as a means to redemption.

On the twenty-first of February, 1866, Mr. Morrill, for the Ways and Means Committee, reported, from that committee, the bill which ultimately, and, after a long financial discussion, and with many amendments, became the law of April 12th, 1866. This bill conferred upon the Secretary of the Treasury authority to sell more than a billion and a half of bonds, and with the proceeds to pay temporary obligations and particularly to redeem, as rapidly as to him seemed best, the United States notes. Thus the Secretary, if the bill had passed in this form, would have had plenary power, but largely on account of objections to the unlimited power given the Secretary to redeem and cancel the greenbacks, the House defeated the bill by a vote of sixty-five to seventy. The bill was then recommitted to the committee, and amended so that the Secretary could not retire more than $10,000,000 of the United States notes in the first six months after the passage of the act, and not more than $4,000,000 a month thereafter. In this form the bill passed the House.

Mr. Sherman opposed the bill in the committee, and on the floor of the Senate, and in this opposition he stood almost alone. First, he was opposed to the unlimited power conferred upon the Secretary to refund nearly the whole body of the public debt. He favored such powers as would enable him to deal with the portion of the debt requiring immediate payment, or other disposition, but he thought, and thought wisely, as the sequel proved, that it would be a serious error

to bind, by legislation, operations that must be far in the future; but he was particularly opposed to the Secretary's plan for the redemption of the greenbacks, — the plan for the resumption of specie payments. Senator Sherman asserted that the contraction of the notes, as a means of bringing them up to gold, would, in the end, not only prove a failure, but that the influence of the trial and failure would tend to postpone the day of resumption. He predicted that the contraction allowed, and invited by the law, would depress and disturb business, and especially that it would alarm debtors who, finding the discharging of debts becoming more and more difficult, would start a clamor for more money, and, in the end, defeat the Secretary's plan, and probably secure an additional issue of United States notes, and thus add to the difficulties of resumption, when it should be undertaken along other lines. His reasoning was correct, and his prophecy came true.

In the debate in the Senate on the bill Mr. Sherman said:—

"It seems to me that the whole object of the passage of this bill is to place it within the power of the Secretary of the Treasury to contract the currency of the country, and thus, as I think, to produce an unnecessary strain upon the people. The power I do not think ought to be given him. The House of Representatives did not intend to give him the power. They debated the bill a long time, and it was defeated on the ground that they would not confer on the Secretary this power to reduce the currency, and finally it was passed with a proviso contained in the bill, which I will now read: 'Provided that of the United States notes not more that $10,000,000 may be retired and cancelled within six months from the passage of this Act, and thereafter not more than $4,000,000 in any one month.' The purpose of the House of Representatives was, while giving the Secretary power to fund the debt as it matured, or even before maturity, giving him the most ample power over the debt of the United States, to limit his power over the currency, lest he might carry to an extreme the view presented by him in his annual report. If this proviso would accomplish the purpose designed by the House of Representatives, I would cease all opposition to this bill; but I know it will not, and, for this very obvious reason, that there is no restraint upon the power of the Secretary of the Treasury to accumulate legal-tender notes in the Treasury. He may retire $200,000,000 of legal-tender notes by retaining them in his possession without cancellation, and thus ac-

complish the very purpose the House of Representatives did not intend to allow him to accomplish. He may sell the bonds of the United States, at any value he chooses, for legal-tenders, and he may hold those legal-tenders in his vaults, thus retiring them from the business of the country, and thus produce the very contraction that the House of Representatives meant to deny him the power to do. Therefore, this proviso, which only limits the power of cancelling securities or notes, does not limit his power over the currency and he may, without violating this bill, contract the currency according to his own good-will and pleasure."

Time fully verified Senator Sherman's opinion, as to the effect of this law. The reaction certain to follow, or appear contemporaneously with the changing conditions, set in soon after the passage of the Act of April 12th, 1866. As a result, the first business flurry after the act was passed brought to Congress complaints that the volume of money was insufficient. Fast upon the heels of these complaints came demands that the retirement of the greenbacks be stopped, and also demands for more money, just as Mr. Sherman had predicted. It would be difficult to determine how much of the business and industrial troubles of those times was attributable to the retirement of the United States notes, and how much was the result of changing conditions in other respects, but the most palpable cause was the action of the Secretary, and his plan of resumption, therefore, bore the blame.

The Act of 1866, so far as it related to the retirement and cancellation of the legal-tender notes operated until that portion of it was repealed on the fourth day of February, 1868. The Secretary did not adhere closely to the proviso limiting the amount of notes to be cancelled each month; of course he never exceeded the amount, but he did not always cancel $4,000,000 a month. On the contrary, on several occasions, he re-issued notes which had been redeemed, and frequently held them in the Treasury uncancelled. Congress did not respond to the demands for a repeal of the law until there had been retired, of greenbacks and fractional currency, about $75,000,000, and a large amount of other obligations that served with more or less facility as money. The Secretary of the Treasury, in his annual report, submitted to Congress

in December, 1867, announced that the law should not be repealed, but that the retirement of the United States notes should continue as rapidly as circumstances would permit.

And just here might be set down Mr. Sherman's first plan for the resumption of specie payments, so as to bring it into sharp contrast with the plan of Secretary McCulloch. Mr. Sherman always believed that it was a mistake, or rather a misfortune, that we were compelled to repeal the law allowing the greenbacks to be funded into bonds. He asserted at all times that the repeal of that law opened the wide gap between the notes and the bonds, and that the difficulties of resumption had been multiplied thereby. Of course, it goes without saying that, if the notes had been fundable into a class of bonds, the notes would not have been less valuable than the bonds into which they could be converted, but the foreclosure of the right to convert into bonds by limiting the right to a certain time, seemed, and perhaps was, necessary in order to float the bonds. Mr. Sherman proposed, soon after the close of the war, that the first step toward the resumption of specie payments, and the one that could be taken with the least disturbance to business, should be to make the notes fundable into a coin bond. He did not contemplate as a part of his plan that the notes should be destroyed, or retired, but that, by being fundable into a low interest coin bond, they would be brought to par with gold, and then might be retained as a desirable form of currency.

When the second session of the Fortieth Congress assembled, in December, 1867, the pressure against further contraction was irresistible. Gen. Schenck, for the Ways and Means Committee, promptly reported a bill prohibiting the further retirement and cancellation of United States notes. The bill passed the House by a vote of one hundred and twenty-seven ayes to thirty-two noes. Mr. Sherman took charge of the bill in the Senate, and strongly supported it in the Senate debate. On the ninth day of January, 1868, he said:—

"It will satisfy the public mind that no further contraction will be made when industry is in a measure paralyzed. We hear the complaint

from all parts of the country, from all branches of industry, from every State in the Union, that industry for some reason is paralyzed and that trade and enterprise are not so well rewarded as they were. Many, perhaps erroneously, attribute all this to the contraction of the currency,—a contraction which, I believe, is unexampled in the history of any Nation. $140,000,000 have been withdrawn, out of $737,000,000, in less than two years. There is no example that I know of, of such rapid contraction. It may be wise, it may be beneficial, but still it has been so rapid as to excite a stringency that is causing complaint, and I think the people have a right to be relieved from it.

"This bill will restore to the legislature their power over the currency, a power too important to be delegated to any single officer of the Government. I do not wish to renew the discussion that occurred here, two years ago, on the passage of the Act of April 24th, 1866, but it is still my opinion, as it always has been, that the question of the amount of currency ought to be fixed by Congress. We have the power to coin money, and to regulate the value thereof. We have coined money in the form of paper money, and certainly the power of Congress in this respect ought not to be delegated to any single officer. If contraction ought to be established as the policy, it should be by Congress, not by the Secretary of the Treasury, and it is not wise to confer upon any officer of the Government a power of this kind which can be, and may be, properly controlled and limited by Congress."

He observed further that if the power to regulate the volume of the currency was left with Congress, as it should be, the duty thus resting upon the representatives of the people would be discharged, with the knowledge that the undivided responsibility was with them, and could not be shifted upon or shared with an executive officer. He said that the measure then under consideration was "only preliminary to others of far greater importance that must command our attention." The other measures were: *First.*—The continuation, with necessary amendments, of the National Banking system. *Second.*—Legislation and preparation for the resumption of specie payments, and *Third.*—The redemption of the public debt and particularly the removal of doubts as to the kind of money in which it was to be paid, and the reduction of public expenditures.

On the seventeenth day of December, just before the de-

bate on the bill to prohibit the further contraction of the currency, and only a few days before he made the remarks quoted from, Senator Sherman, for the Finance Committee, had made an elaborate report in which he set forth fully and clearly the financial situation, and discussed with great ability the questions of legislation. He first pointed out the condition, amount and character of the public debt, and took pains to show that the report that there was a vast amount of unliquidated debt, which did not appear in the official debt statements, was wholly without foundation. The funding scheme, proposed in the bill recommended by the committee, had for one of its important objects the redemption of the United States notes. This bill fixed the amount of the legal-tenders at the amount then existing by law. It provided for the redemption of these notes in bonds, and then, to overcome the objection that in dull times there would be a sharp contraction of the currency by the conversion of notes into interest-bearing bonds, if permitted, to the extent of $400,000,000, the re-exchange at the Treasury of bonds for United States notes. This scheme of redemption, of course, did not contemplate the destruction of the notes, when they came into the Treasury in exchange for bonds but, on the contrary, the law required that they be reissued as the exigency of the Government, and the public welfare might require. This plan was never tried, but it appeared to have in it the element of elasticity. It was reasonable to suppose that, within the limitation of the law as to the amount of legal-tenders which could be exchanged for bonds, the fluctuations in volume would bear a close relation to the fluctuations in the volume of trade and business.

The following portion of the report states fully Mr. Sherman's views on this subject:—

"Your Committee regard the provisions of the bill, designed to give increased value to the United States note, as of the greatest importance. When the United States failed to meet its engagements in coin, it substituted its notes, and gave to them every value possible. When the legal-tender Act of February 25th, 1862, took effect, gold

was at a premium of three per cent. That Act not only made the United States notes legal-tender for public and private debts, but made them convertible, at the pleasure of the holder, into bonds of the United States. This provision was regarded as of the highest importance, without which your Committee are satisfied the legal-tender clause could not, at that time, have passed Congress. It was founded upon the manifest principle that, when we could only pay in our notes and compelled all our citizens to receive them, we ought to receive them for our bonds. The note is a contract, no less sacred than the bond. By any equitable rule it should bear interest. All former notes issued by the United States bore interest — those during the War of 1812, at the rate of five and two-fifths per cent., those during the Mexican war not exceeding six per cent. So the Exchequer bills of England, forming a National currency, bear interest. This incident to a United States note past, was only waived by making them convertible into an interest-bearing security. This right was plainly printed on the face of the note; but it was found to embarrass the Treasury in negotiating its loan when under the pressure of war, and therefore, by the Act of March 3, 1861, it was provided 'that the holders of United States notes, issued under and by virtue of said Act, shall present the same for the purpose of exchanging the same for bonds, as therein provided, on or before the first day of July, 1863, and thereafter the right so to exchange the same shall cease and determine.' This device to suspend the right of convertibility attached to the note was suggested by our late distinguished colleague, Judge Collamer, and was only justified by the necessity, then resting upon us, of forcing upon the market all forms of public securities. The necessity no longer exists, and your Committee think the right ought to be restored. If we cannot pay our note in coin, let us pay it in the next best commodity, a bond of the United States. The value of the note now rests solely upon the compulsory value given it by the legal-tender clause; then it will be anchored on the solid basis of an annuity, payable in coin. This measure alone will give the "greenback" the market value of a bond, while heretofore, though made the legal standard of value, it has been, and now is, the least valuable form of government security.

"Another highly important effect of this provision is to take from the Secretary of the Treasury his power to control the currency.

"Under the existing law he is authorized, at his discretion, to contract the currency at the rate of four millions of dollars per month, and there is no provision to adapt the volume of currency to the ever changing demands of trade and commerce. The power, though no doubt exercised by the Secretary, with the sole view of promoting the public interests, is one not properly vested in any officer constantly engaged in official duties, and it is the cause of wide-spread complaint. No one en-

gaged in business can base his calculations upon a currency depending not on supply and demand, but upon the discretion of a single officer. If currency is scarce, the Secretary is blamed; if it is redundant, he is charged with inflating prices. The Government should have no power over the currency, except to stamp it with the highest credit, and by general rules, known to all men, to limit its amount. All fluctuations of the currency, affecting, as they do, the prices of all the commodities, should be left solely to the laws of demand and supply. Upon these, business men base their transactions, and should have the benefit of their sagacity, without being affected by the arbitrary discretion of the Government.

"The plan proposed establishes the maximum currency at the amount fixed by law, and it may be diminished by payment for taxes, and its conversion into bonds. These processes would, it is believed, rapidly restore our currency to the standard of gold without the severe disturbance and uncertainty caused by the present system. When the restored credit of the Government advances the market value of our bonds to the gold standard, specie payments may be resumed and maintained. This plan is in accordance with the uniform practice of our Government, prior to July 1, 1863, and of Great Britain during the long period of the suspension of specie payments from 1797 to 1823. The holder of paper money was allowed at any time to convert into a bond or annuity. The note forced upon the people during a suspension of specie payments was never allowed to be of less value than other securities, held by public creditors.

"It may be alleged that this plan would contract the currency too rapidly; that, when trade was inactive and money plenty, it would be converted into bonds; and when active business operations were resumed, as by the movement of crops, or similar fluctuations of trade, the currency would be insufficient, and money too scarce, causing great stringency and depression of prices. Such would undoubtedly be the effect, and it is mainly to furnish this fluctuating currency that banks of issue are established by most commercial nations. The usefulness of the National banks is now impaired by the suspension of specie payments. Their currency is now not a fluctuating one, but a permanent one. Their issues are not returned when trade is idle and, therefore, they are unable to relieve a sudden stringency in the money market.

"It is to avoid this difficulty that, during the suspension of specie payments, your committee propose that any holder of the five-twenty bonds, or the consolidated bonds, may, under suitable regulations, and within the limit of $400,000,000, present them at the Treasury, and receive in exchange United States notes.

"This would make a currency convertible into bonds, and, within proper limits, a debt convertible into currency, and its fluctuations

would depend entirely upon the wants of trade and commerce, and not in any respect upon the discretion of the Secretary. The money paid into the Treasury for taxes, or bonds, would be a bank, or reserve, sufficient for the negotiation of the new loan, for the redemption of the five-twenty bonds, and for exchange for bonds.

"It may be objected that this would continue indefinitely the suspension of specie payments. Your committee, being sincerely desirous of avoiding this result, have given this objection the most careful consideration, and are of the opinion that experience, the only test of such a proposition, will show a contrary effect.

"The holder of annuity yielding five per cent. in gold, free from all taxes, will not surrender it for a note, only valuable as a currency, unless the demand for currency is urgent and stringent, and then it ought to be relieved. It will happen that in one part of the country bonds will be exchanged for notes, and in another part notes for bonds; at one season, money, being idle, will be converted into bonds, to be returnable again for money when it is needed. This process will give increased value, both to the notes and bonds, and enable the Government eventually to restore both to the standard of gold, when the vast productions of our mines, and the accumulated gold now hoarded by our people, will take its place as the best and the only true currency. Then the banks restrained by the necessity of redeeming their notes in coin, will perform their appropriate function of furnishing a valuable currency convertible into coin.

"If, in practice, it is found that the conversion of bonds into money needs further limitation, either by reducing the maximum limit, or by charging a percentage, it may be provided for by Congress. The conversion is not a right secured to the bondholder as a part of his contract, but is simply a privilege, designed to regulate the currency, and may be modified or withdrawn according to the judgment of Congress."

Six years after Senator Sherman was still of the opinion that the simplest and least injurious course toward specie resumption would have been that proposed in his report of December 17th, 1867. In a speech delivered in the Senate on January 16th, 1874, he said:—

"If this Act (the Act of April 12th, 1866,) had contained a simple provision restoring to the holder of the greenback the right to convert his note into bonds, there would have been no trouble. Why should it not have been done? Simply because the Secretary of the Treasury believed the only way to advance the greenbacks was by reducing the amount of them; that the only way to get back to specie payments

was by the system of contraction. If the legal-tender notes had been wedded to any form of gold bond, by being made convertible into it, they would have been lifted by the gradual advance of our public credit to par in gold, leaving the question of contraction to depend upon the amount of notes needed for currency. Sir, it was the separation of our greenbacks from our funding system that created the difficulty we have upon our hands to-day; and I say now that, in my judgment, the only true way to approach specie payments is to restore this principle, and give the holder of the greenbacks, who is your creditor, the same right that you give to any other creditor. If he has a note which you promised to pay and you cannot, and he desires interest on that note by surrendering it, why should you not give it to him?"

Up to this time (January 16th, 1874), Mr. Sherman did not think it was wise to fix a day when the Government would be obligated to redeem all the United States notes outstanding, in coin. Senator Morton, as early as 1867, had introduced a bill providing that at the expiration of two years from the passage of the bill, the Treasury would redeem in coin the greenbacks, but this bill the Finance Committee of the Senate did not favor. There was a strong sentiment in the country favoring a day for resumption, and it would have been a very easy matter for Congress to have fixed the day, but to provide the means for resumption was a very difficult problem. In 1868, at one time, gold was worth fifty per cent. premium. To close this gap between gold, and the paper money of the country, in any short period, meant the most acute distress to debtors. It meant insolvency to many who otherwise would pay their debts. Mr. Sherman may have been overcautious, but he was not satisfied that the conditions were such as to insure the successful carrying out of such a plan. It was freely predicted, and from most respectable authority, as late as 1875, that it was utterly impossible to procure sufficient gold to redeem the notes or answer as a gold reserve fund. He desired that any plan of resumption once entered upon should not be defeated, either by the inability of the Government to carry it out, or by it being driven from its purpose by the distress which might attend the execution of the plan.

Mr. Sherman's plan for the conversion of the notes into bonds seemed the most feasible of any suggested up to this time, and it was certainly fair to the Government, and to the note holder. Such a bond as would have been provided for the purpose, would have been worth less than par, of course, but being payable in coin at a fixed time would approximate par in gold much more rapidly than a note with no time fixed for payment or redemption. Thus the notes would be lifted toward par by the increasing value of the bonds, into which they were convertible.

From the passage of the first act authorizing the issue of the United States notes, up to the nineteenth of March, 1869, the promise to pay written on the face of notes, was a most general and indefinite promise to pay at some time. The kind of money in which these notes were to be paid was not expressed, but, of course, there was no money to pay them in except coin, unless they were to be paid in other United States notes, which was wholly inadmissible for the purpose of redemption. The notes were receivable for public dues, except customs duties, and until July 1st, 1863, were convertible into bonds, but at this latter date the right to convert into bonds was repealed. So that from this date to March, 1869, the value of the notes depended upon their availability as legal-tenders to pay private debts, upon their receivability for public dues, except customs duties, and upon the general promise of the Nation that at some time they would be redeemed in coin. Gold reached a lower point in March, 1866, than it did at any time, until after the passage of the act to strengthen the public credit in 1869. It was quoted at $1.25 in March, 1866, and from that to midsummer, 1869, it fluctuated between $1.50 to $1.25½, the quotation for April, 1866. From this condition it was quite evident that no progress was being made toward specie resumption.

During the time Mr. Sherman, and a few other men in Congress, were industrious and persistent in their efforts to secure some legislation, or to make some preparation toward a return to a coin basis, but the controversy between Presi-

dent Johnson and his party diverted attention from questions of finance to questions of politics, and political policies. In the early days of President Johnson's administration, he seemed to be sound on questions of finance, and heartily indorsed Secretary McCulloch's plan to redeem the greenbacks, but before the expiration of his term he recommended a virtual repudiation of the public debt. He became an obstacle in the way of financial legislation, and this, added to the inability of Congress to agree upon a plan of resumption, which would command sufficient votes to overcome executive objections, deferred all political legislation during the Johnson administration.

As already stated, General Grant was inaugurated as President, on the fourth of March, 1869, and immediately an extra session of the Forty-first Congress convened. It was not expected that any definite plan providing the detail of resumption could be passed into legislation at this session, but it was the fixed determination of the Republican leaders, of both Houses, that some legislation should be enacted, or some resolution passed, which would remove all doubts as to the good faith of the Nation toward its creditors. There were doubts as to the kind of money with which the Government was obliged to discharge the five-twenty bonds,—whether they could be paid in greenbacks, or must be paid in coin; and, if they could be paid in greenbacks, whether the payment must be made in the notes authorized by the war acts, or whether new issues could be provided for the purpose. The most serious doubt related to the redemption of the greenbacks. Four years had passed, and resumption was apparently as far off as ever. Gold speculators controlled, or manipulated, the price of gold, and the approximation of coin and paper seemed to be regulated by their wishes and interests.

As soon as this first session of the Forty-first Congress organized, the Senate continued the discussion of a finance bill, the chief purpose of which was to remove doubts as to the payment of the bonds, and the redemption of the United

States notes. Senator Sherman had charge of the bill. A declaration as to the intention of the Nation toward its creditors, similiar in form to the first section of this bill, formed a portion of the bill killed by a pocket veto of President Johnson, at the close of the preceding Congress. On the eleventh day of March, Senator Thurman moved to amend the bill so as to exclude from it the five-twenty bonds. If this had prevailed, instead of settling the question by a square declaration that these bonds were payable in coin, the bill would have left the whole matter of paying this class of bonds in greater doubt than existed before its passage. The amendment was defeated by a vote of thirty-one to twelve. Senator Morton, while he was favorable to the declaration in the bill that the greenbacks should be redeemed in coin at the earliest practical date, was opposed to the other provisions of the bill. He believed that the first, and only essential legislation, was to provide for the redemption of the United States notes, and when that was accomplished all questions as to the payment of the bonds would be solved. The debate ran along until March 15th.

On the twelfth of March, General Schenck introduced a bill in the House, and moved the previous question in its passage. The bill contained two sections; the first was in substantially the same language as the first section of the Senate bill, then under consideration, and the second section legalized gold contracts. On the motion of Mr. Allison, of Iowa, the second section was stricken out. The bill thus amended passed the House by a vote of ninety-eight yeas to forty-seven nays. The bill reached the Senate on the fifteenth of March, and immediately Senator Sherman moved that it be substituted for the Senate bill, which motion prevailed, and, on the same day, the bill passed the Senate. On the nineteenth day of March, the bill was signed by President Grant, and it was the first bill signed by him.

This act was the result of a conviction that, in the conflict of opinion upon the subject, nothing could be done beyond the announcement of a purpose to keep the Nation's honor

inviolate. The act, however, inspired confidence, and powerfully influenced public opinion in the right direction. It was really the first step toward resumption, although the actual fulfillment of the pledge, so far as the United States was concerned, was nearly ten years in the future. It pledged the United States "to make provision, at the earliest practical period, for the redemption of the United States notes in coin."

During General Grant's first term, the country enjoyed a growth and prosperity which was truly marvelous. The public debt was reduced at the rate of nearly a hundred millions a year. The United States notes averaged about eighty-seven cents in gold during 1872. Taxes were being steadily reduced. Prices were reasonable, and men found steady employment at remunerative wages. The material growth of the country was particularly manifest, in the building of railroads. In September, 1872, money became tight in New York, but this did not cause any alarm. Nor was it regarded as a premonitory sign of a coming storm. Some of the more cautious bankers called in loans to a greater amount than usual, but by June, of the next year, prosperity seemed again to be at high tide. But the apparent clearing was delusive, —the brief respite only aggravated the troubles which were soon to break upon the country with dreadful force. The eastern banks already overloaded with unproductive, and overvalued securities, added to the load between September, 1872, and September, 1873. On September 18th, of the latter year, the great banking house of Jay Cooke & Co. failed, with four millions of deposits, gathered from all parts of the country. Its fifteen millions of Northern Pacific paper became useless in an hour. On the next day the great banking house of Fiske & Hatch closed its doors. On the next day, the twentieth, The Union Trust Company, The National Trust Company and the National Bank of the Commonwealth suspended. At eleven o'clock, of the same day, the New York Stock Exchange, for the first time in its history, closed its doors, and the Governing Committee announced that the Board would not open until further notice. Following this, and

within a few days, the whole country was in the throes of a financial panic.

The primary cause of the panic was the over-construction and overvaluation of railroads and railroad securities. The needs of the country, especially in the west, had been anticipated by more than a decade. In 1861 there had been built 651 miles of railroad, in 1871, 7,779 miles. The immediate cause of the panic was the lack of money. It appeared in the midst of the most active industrial conditions. Work was plenty, business good, and commerce satisfactory. In this the panic of 1873 differed materially from other panics. There was plenty of money in the country to have carried on a normal volume of business, but so much of it had been invested in securities and industries, which were unproductive, and of inflated value, and these becoming substantially unavailable for the time, and the demands for money increasing and imperative,—there was no way out but by forced liquidation.

As usual, the public Treasury was called on to supply more money. President Grant and Secretary of the Treasury Richardson went to New York, during the first days of the panic, to discuss with business men the situation, and to afford what relief was proper. The Secretary of the Treasury, in an effort to ameliorate the money situation, issued $13,000,000 in United States notes, in payment of bonds. Stocks were dumped upon the market, and sold without regard to price, the holders endeavoring to unload, or to raise money to tide over the trouble. Banks in almost every town in the country closed their doors, crippling or ruining their customers, and entailing losses upon thousands of people.

Congress was to meet early in December, and toward it all eyes turned for relief. When it assembled both Houses were immediately deluged with bills, and resolutions, providing and proposing every form of relief from the immediate return to specie payments to an unlimited issue of greenbacks. These proposed remedies ranging from one of these extremes to the other, were the reflection of opinions held in the coun-

try outside of Congress, but the general trend of opinion was for more money, as the most certain remedy. The people in distress were praying for some Moses to strike the greenback rock.

The Finance Committee of the Senate immediately took up the question of relief to the country. The committee was divided generally between those who desired more money, and those who believed the only remedy was the return to a sound money basis. The line of division was shown in the resolutions of the majority and the minority. The majority, through the chairman of the committee, Mr. Sherman, reported the following resolution:—

"*Resolved*, That it is the duty of Congress, during the present session, to adopt definite measures to redeem the pledge made in the acts approved March 18th, 1869, entitled 'an Act to Strengthen the Public Credit,' as follows: 'And the United States also pledges its faith to make provision, at the earliest practical period, for the redemption of the United States notes in coin; and the Committee on Finance is directed to report to the Senate at as early a day as is practicable, such measures as will not only redeem this pledge of the public faith, but will also furnish currency of uniform value, always redeemable in gold or its equivalent, and so adjusted as to meet the changing wants of trade and commerce.'"

The minority, through Senator Ferry, of Michigan, reported the following resolution:—

"*Resolved*, That the Committee on Finance is directed to report to the Senate, at as early a day as practicable, such measures as will restore commercial confidence, and give stability and elasticity to the circulating medium, through a moderate increase of currency."

Senator Ferry was one of a type of statesman of the west, and middle-west, who were, at bottom, sound on the financial questions of the time, but who had surrendered, to an extent, to the demand for more money. The minority resolution was a conservative expression of the demand for more money, as its last clause indicated: "a moderate increase of currency;" its supporters, many of them at least, favored a

return to specie payments, but in effect their proposition was a violation of the pledge contained in the Act of March 18th, 1869. Every increase of the United States notes tended to decrease the value of the notes, measured in gold, and thereby delayed and rendered more difficult their redemption in coin. This resolution was simply a sop to the inflationists, and while it purported to direct the Finance Committee to report such measures as would restore confidence, and give stability and elasticity to the circulating medium, it limited the committee to one way of doing it, and that was by "a moderate increase of currency."

The majority resolution reported, and supported by Senator Sherman, was an unqualified reaffirmance of the pledge of 1869. It directed the committee to report such measures as would "furnish a currency of uniform value, always redeemable in coin or its equivalent, and so adjusted as to meet the changing wants of trade and commerce." This clause contained the whole sum of resumption.

These resolutions were the subject-matter of a long and exhaustive debate in the Senate. On the sixteenth day of January, 1874, Mr. Sherman, in support of the propositions of the majority resolution, made one of the ablest, and most elaborate financial speeches of his life. It contained a severe criticism of Congress for its dereliction of duty, in not carrying out the pledge of 1869. He said:—

"Mr. President, We see, then, the effect of this promise. And I have come to what I regard as a painful question to discuss,—how have we redeemed our promise? It was Congress that made it, in obedience to the public voice; and no act of Congress ever met with more hearty and generous approval. But I say to you, with sorrow, that Congress has done no single act, the tendency of which has been to advance the value of these notes to a gold standard; and I shall make that clearer before I get through. Congress made this promise five years ago. The people believed, and business men believed it. Four years have passed away since then, and your dollar in greenbacks is worth no more to-day than it was on the eighteenth day of March, 1870, and no act of yours has even tended to advance the value of that greenback to par in gold, while every affirmative act of yours since that time has tended to depreciate its value, and to violate your promise."

He showed that between March 18th, 1869, and January 10th, 1874, the volume of the United States notes had been increased from $356,000,000 to $387,890,000, and that the fractional currency, in the same time, had been increased $21,046,000. All of which, he contended, had tended to depreciate the value of the notes, and was, therefore, in violation of the pledge "to redeem at the earliest practical period." Then he said:—

"Sir, I regard it as the proudest achievement of the American people that, so soon after the war, they so faithfully and honorably redeemed their obligation to the bondholder. I demand the same honorable fulfillment of your promise to the note holder. Now is the time to make the stand, not only to prevent any further violation of the law, and of our promise, but to retrace our steps, and to give some decisive token that you will pay our paper money in coin, as we agreed to do."

At this time the real contest was between those who contended for a "moderate increase of currency," and those who opposed any increase. The attitude of the latter was expressed by Mr. Sherman, in his speech of January 16th, in the following words:—

"I say, therefore, that if the ideas of these gentlemen are to prevail in the Senate, they ought to tell the country when, and under what circumstances, they will redeem this promise. I say to Senators that if now, in this time of temporary panic, a great part of which, as I shall show, has already passed over, we yield one single inch to the desire for paper money in this country, we shall cross the Rubicon, and there will be no power in Congress to check the issue. If you want forty millions now, how easy will it be to get forty millions again! If you want one hundred millions now, convertible into these three-sixty-five currency bonds, how soon will you want one hundred millions more! Will there not always be men in debt? Will not always men, with bright hopes, embark too rashly on the treacherous sea of credit? Will there not always be a demand made upon you for an increase? And when you have crossed the Rubicon, and have fulfilled the pledges you have already made to the people of the United States, where can you stop? Where our ancestors stopped at the close of the Revolution; where the French people stopped in the midst of their revolutionary fervor."

While the Senate was debating these resolutions, the Finance Committee was engaged in drafting a bill. The committee was divided in opinion, about as the Senate was, and the only possible result of its deliberations was a measure which reflected in some small degree the views of each member of the majority, but as a whole did not wholly meet the views of any member. This bill was reported by Mr. Sherman on the eighteenth day of March, 1874, and, at the time and in giving notice that he would call up the bill the next day, he said that it was a compromise measure more or less acceptable all around, but yet not wholly satisfactory to any member of the committee. Some of the provisions, he stated, he had agreed to with great reluctance.

The first section of the bill fixed the amount of United States notes at $382,000,000. This was the amount supposed to be outstanding. The legal limit at the time was $356,000,000. The second section of the bill provided a plan for the redemption of the United States notes. Mr. Sherman said:—

"This section is an honest effort to deal with the great problem of redemption."

At this time the propositions looking to the redemption of the greenbacks could be reduced to three general plans; they were, *first*, the absolute redemption of the notes in coin; *second*, making them receivable for customs duties; and *third*, their conversion into coin bonds.

But few believed that sufficient coin could be obtained to successfully carry out the first plan, and those who favored it were of two classes: *first*, those who were opposed to the party in power, and urged immediate resumption to embarrass it; and, *second*, those who conceded that some time must intervene before the Government could safely begin the payment of the notes in coin.

The second plan was wholly inadmissible, because the customs duties were pledged to the payment of the interest on the public debt, which must be paid in coin. The third plan was the one proposed in this bill, — that the notes

should be made convertible into a coin bond. On this point Mr. Sherman said:—

"We then come to the redemption in bonds. There is the moral obligation, on the part of the United States, which has issued its notes payable in coin, but for reasons of public policy does not pay in coin, to give its creditors its notes bearing interest in place of coin. The United States cannot plead inability to pay interest on its notes, if it cannot, or will not, pay the principal. Why should not the United States give its obligation bearing interest just as any individual would have to do? Here is a moral obligation which rests upon the United States every day of the year, to every holder of these notes, because, although the United States has not said when it will redeem these notes in coin, yet it is bound to do what it can to give them additional value. Although it may not receive these notes for customs duties, why can it not receive these notes in payment of bonds? Why discriminate against these notes in the sale of bonds? The answer is that during the war we were compelled to do it; and so we were. I very reluctantly yielded to that necessity. We were compelled to do it, but, sir, it was only expected that that would continue to the close of the war; and, practically during the whole of the war, these notes were received at par for bonds at par.

"If therefore, we are to take any step toward specie payment, why not give to the holder of United States notes who demands it, a bond of the United States, bearing a reasonable rate of interest, in exchange for his notes?"

After a long debate in the Senate the bill was amended, so as to increase the amount of United States notes to $400,000,000, and the National banks were allowed an additional circulation of $46,000,000. Thus the bill was transformed from a measure to facilitate the return to specie payments, to one which would have created conditions rendering it more difficult.

The trend of opinion in Congress was seriously in favor of an increase of currency. This was simply a reflection of the trend of opinion outside of Congress. Financial difficulties were pressing hard upon thousands of business men. Evidences of the panic were still visible on every hand. Debtors could not pay their debts, and forced liquidation was the order of the day. Naturally, men in distress for money

came to the conclusion that there was not enough money to do the business of the country. President Grant, in his message, took that view of the situation, and, if he did not recommend an increase, he at least gave the impression that such remedy would meet his approval.

While the Senate was discussing the bill referred to, the House was also discussing, and voting on like propositions. The vote was on fixing the amount of legal-tender notes at $356,000,000. This was lost by a large majority. The next vote was on fixing the amount at $382,000,000, and this was voted down by about the same majority. The third vote was upon the proposition to fix the amount at $400,000,000, and this carried. It was quite evident, from the votes in both Houses of Congress, that no legislation which might operate as a measure of contraction could pass, and hence that no resumption legislation was possible at this session. The bill increasing the United States notes, and permitting National banking associations to take out additional circulation, passed the Senate by a vote of 29 yeas to 24 nays, and the House by a vote of 140 yeas to 102 nays. But an unexpected obstacle appeared in the path of the inflationists. President Grant, in his message four months before, said:—

"In view of the great actual contraction that has taken place in the currency, and the contraction continuously going on, due to the increase of manufactures and all the industries, I do not believe there is too much of it now for the dullest period of the year. Indeed, if clearing-houses should be established, thus forcing redemption, it is a question for your consideration whether banking should not be made free, retaining all the safeguards now required to secure billholders."

Evidently the President had not thought the matter to a conclusion when he made the suggestion just quoted. There was nothing more certain than that free banking, before coin resumption was established, would have opened the way to unlimited inflation of the National bank circulation. The President came to this conclusion himself before this measure was presented for his approval, and while it did not provide for

free banking, and only increased the currency moderately, as the inflationists contended, yet he vetoed the bill. An attempt was made to pass it over the veto, but sufficient votes could not be commanded. Senator Sherman voted against the bill in all its stages, after the increase of currency was voted in, and he voted to sustain the veto of President Grant.

The adjournment of the first session of the Forty-third Congress, without having done anything to ameliorate the financial and business troubles of the country, was received with widespread dissatisfaction. Congress is pretty generally believed to hold the gates out of which issue all blessings, and from which escape all woes. When Congress adjourned, in the summer of 1874, the people demanded of the party in power the reasons for the failure to turn panic and distress into prosperity and content. The Republican party, unlike Falstaff, who scorned to answer under compulsion, answered promptly with reasons, but they were not accepted as sufficient, and, for the first time since the beginning of the war, it lost the House of Representatives. The panic of 1873, and the Democratic victory in 1874, were not unmixed evils. They made the passage of the Resumption Act possible at a much earlier day than it otherwise would have been passed. The real turning point of the contest between the inflationists and those who were striving to keep the paper currency from being increased so that resumption might not be delayed or made more difficult, was the veto of President Grant. He said in his veto message:—

> "The theory in my belief is a departure from the true principles of finance, National interest, National obligations to creditors, Congressional promises, party pledges on the part of both political parties, and of personal views and promises made by me in every annual message sent to Congress, and in each inaugural address."

No public man did more to sustain the President in his position than Senator Sherman. While the Senator was not able to control a majority of the votes of his party colleagues, in Congress, upon the proposition of the committee bill, his

opinion and attitude, no doubt exerted a powerful influence upon the President. Ten days before the veto, it was almost universally believed that Grant would sign the bill. His annual message inferentially gave promise of an approval, but the discussion in Congress, and further consideration, led him to believe that the bill would, in a manner, commit the country to an irredeemable paper currency, and would indefinitely postpone the return to a gold basis. No military victory of the great soldier brought to his country more good than this civil triumph worked out in the quiet of the Executive Mansion. On the fourth of June, 1874, President Grant wrote a letter to Senator Jones, of Nevada, in which he expressed the opinion that it was the supreme duty of the Nation to return to a specie basis at the earliest practical moment. He said: —

"I believe it a high and plain duty (for the United States), to return to a specie basis at the earliest practicable day, not only in compliance with legislation and party pledges, but as a step indispensable to lasting National prosperity."

Notwithstanding the defeat of the Inflation Bill, and the great influence of Grant, the trend of political sentiment in 1874 was toward inflation, and general discontent with the existing conditions prevailed.

## CHAPTER XXXVII.

History of Resumption Continued.—The Election of Wm. Allen, Governor of Ohio, in 1873.—The Salary Grab.—Ohio Politics.—Sherman Chairman of Convention.—Democratic Victory in Ohio.—The National House of Representatives Democratic.—The Resumption Act.

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The Republicans began to lose ground in 1873. The business depression of the year naturally militated against the party in power. General Hayes had been elected Governor of Ohio by a plurality of upwards of 20,000 in 1871. In 1872 the Republican plurality, at the October election, for State offices, fell to about 14,000. In 1873 William Allen, the Democratic candidate for Governor, was elected with a Democratic legislature, which insured the return of Senator Thurman to the Senate to succeed himself. A variety of causes contributed to this Democratic victory. Congress, at its last session, had passed the "Salary Grab Act." Although more Republicans, both in the Senate and House voted against the salary grab than Democrats, yet the Republicans were held responsible for the measure, because they were in the majority. Senator Sherman voted against the increase of salaries, as did his Democratic colleague, Senator Thurman. At the opening of the campaign of 1874, the Republican party had accumulated a load of difficulties. Thousands of Republicans, who were yet entangled in business troubles, were bitterly disappointed in the failure of the Inflation Bill. Their personal disappointments were aggravated by the conduct of Congress, in providing for themselves increased salaries, while they denied an increase in the volume of money to the people. A large

number were disappointed because no step had been taken toward specie payments, and while these did not support the Democratic party, yet they were inactive, and critical toward the Republican party, and showed by their conduct that their faith in it had diminished. In the preceding January, Governor Allen had been inaugurated, amid the greatest political rejoicing, and with the attendance of an enormous crowd of people. Two days after, the legislature elected Senator Thurman Senator for the term beginning March 4th, 1875. The previous election of Thurman had been considered in the nature of an accident, so far, at least, as the election of a Democratic legislature was concerned, but here was a Democratic legislature, elected with a Democratic Governor, with a majority of more than twenty on joint ballot. This year, for the first time, the liquor question entered into the political situation in Ohio, and its influence, as usual, was against the Republicans. The Democratic Convention, presided over by General Ewing, launched a boom for Governor Allen for President in 1876, and in the platform committed the party to fiat money. The signs were all propitious for Democratic victory.

The Republicans met, in State Convention in Columbus, on September 2nd. Charles Foster was made temporary chairman. His speech on opening the proceedings was congratulatory as to the achievements of the party, but it did not ring with the usual expressions of expected victory. Senator Sherman was made permanent chairman of the Convention. He made a very brief speech in taking the chair. One expression was significant of the situation. He said: "There is here no unseemly struggle for office or honor."

The Democrats carried the State, and elected thirteen, out of the twenty-one, Members of Congress. Samuel J. Tilden was elected Governor of New York, over General Dix. When the general results were reckoned it was found that the Democrats would control the next House of Representatives by a majority of sixty-seven votes. The Republicans lost largely in the Senate, and at this time it became evident

that as fast as the commissions of the Republican Senators from the South expired, they would be succeeded by Democrats. After the expiration of the short session of the Forty-third Congress, which would assemble in December, the House would be Democratic, and the Senate Republican for the next two years, a situation which precluded all hope of financial legislation during that time. To the Republicans it was a time of anxiety and consideration. The party had failed, with ample majorities in both Houses of Congress, to make any provision for the resumption of specie payments. In every other respect the Republican party had been diligent and wise, but, as to this supreme act, which, when accomplished, was to rival in glory the achievements of the battle-fields, it had fallen short of just expectations. The obstacle in the way of legislation, upon the subject of resumption, had been the difference of opinion as to the means to secure it. But now, there was but one way, either to agree upon a measure, or indefinitely postpone all efforts to return to a coin basis. It was a critical situation, and when Congress met, in December, there was a general concensus of opinion among Republican members of the Senate and House that they must pass some definite practical resumption act, or, failing, the party might as well turn its effects and hopes over to an assignee. It was not only a critical situation, but it was a most difficult one. Its solution required eminent statesmen to give up the cherished plans of years, and accept, upon this question of superlative importance, the opinions of others, and opinions which they had criticised and condemned. It was another day of compromise,—a sacrificing of personal opinions, and pet schemes, for the general good.

On the assembling of Congress in December (1874), a caucus, or conference of the Republican Senators was immediately called, to consider the question of financial legislation. On the motion of Senator Sherman a committee of eleven was appointed. This committee was made up as follows: John Sherman, Chairman, William B. Allison, George S. Boutwell, Roscoe Conkling, George F. Edmunds, Thomas W.

Ferry, F. T. Frelinghuysen, Timothy O. Howe, John A. Logan, Oliver P. Morton and Aaron A. Sargent. In every respect this was a most notable committee,— while it embraced, in its membership, the highest talent and largest experience of the Senate, there was also represented almost every variety of financial opinion, which had been held by Republican statesmen. It was thought, and wisely as the sequel demonstrated, that, if the committee could agree upon a bill for resumption, it would pass. The great problem was to secure an agreement of the committee.

Senator Sherman's favorite plan for resumption had been the conversion of the greenbacks into coin bonds. He never wavered in his belief that this was the simplest, and most certain means of bringing the United States notes to a par with coin, and he had fought for legislation proper to accomplish this form of resumption through many sessions of Congress, but he was ready now to support any measure that gave promise of either securing the resumption of specie payments, or of making substantial progress toward it. The members of the committee differed so widely, and so radically as to means, that, under ordinary circumstances, all hope of accomplishing anything would have been immediately abandoned, but a disagreement meant the disruption of the Republican party, and an acknowledgment that, upon the supreme question of the time, its representatives were unequal to the exigencies of the occasion.

There was one important point upon which the committee could not agree, and that was as to the cancellation of the greenbacks after they had been redeemed. Some members, Senator Morton, particularly, were unalterably opposed to the destruction of the greenbacks. The question was whether, when redeemed, they should be re-issued, and continued in circulation. Senator Sherman was favorable to the re-issue, and the keeping in circulation of such amount of notes as could be kept at par with coin. It was, therefore, agreed that the measure should contain no provision or expression as to the re-issue of the notes after redemption. It was further agreed

that Senator Sherman, in presenting the bill to the Senate, should not commit the committee to any opinion, or position, upon the question of re-issue. It was hoped that the question could be postponed for future disposition, otherwise it would probably defeat the bill. Many members of both Houses, who were sincerely in favor of bringing the United States notes to a par with gold, would not support a measure likely to accomplish the object, if it, at the same time, provided for or permitted the cancellation of the greenbacks. They had become very popular as money, and there was a strong sentiment against turning over to banking associations the control of the paper currency. The people generally regarded the United States notes as a most desirable form of paper money, a loan without interest, and, in this particular of advantage to the Government, a safe and sound currency, and therefore to be retained. Whatever might be the scientific objections to this form of circulating medium, furnished by the Government, the popular sentiment in its favor was so strong that many Senators and Members would not fly in the face of it, by voting for any measure which would permanently retire these notes, and substitute, in their stead, the issues of National banks.

The position of the committee, fixed by the necessities of the situation, presented the anomaly of a redemption, or payment of public obligations, without providing that the obligations should be extinguished in the process of redemption, or cease upon being paid. Of course, if the notes redeemed, were re-issued it would be for services or supplies, or in payment of other obligations, and they would thereby become new obligations; the process afterwards became known as the endless chain. One provision of the Resumption Act, however, gave its supporters a tenable argument against the criticism, that it was a kind of redemption that did not redeem, a payment that did not extinguish the obligation. The third section of the act provided, in effect, that the volume of greenbacks should be reduced to $300,000,000 in the following manner, viz: That as National bank circulation in-

creased, greenbacks to the amount of eighty per centum. of such increase should be retired and cancelled, and this process should go on until there was outstanding $300,000,000, and no more. It was quite evident that this gradual retirement of the notes, depending altogether upon the issue of National bank-notes, would be slow, and that it would probably take all the time, before the date fixed for resumption, to reduce the volume to $300,000,000; it was, therefore, argued that there was ample time to determine the question of the re-issue between that and January 1st, 1879, when the whole body of the notes would be redeemable in coin.

The bill providing for resumption was the product of the Republican caucus committee. The most important parts, however, were drafted by Senators Sherman and Edmunds. After it was completed and approved, Senator Sherman presented it to the Senate Finance Committee for its official action, and, under instructions from the Committee, he reported it to the Senate on the twenty-first day of December (1874).

The bill, as reported and as passed, is as follows:—

"An Act to Provide for the Resumption of Specie Payments."

"*Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled:* That the Secretary of the Treasury is hereby authorized and required, as rapidly as practicable, to cause to be coined, at the mints of the United States, silver coins of the denominations of ten, twenty-five and fifty cents, of standard value, and to issue them in redemption of an equal number and amount of fractional currency, of similar denominations, or, at his discretion, he may issue such silver coins through the mints, the Sub-Treasuries, public depositaries and post-offices of the United States; and, upon such issue, he is hereby authorized, and required to redeem as equal amount of such fractional currency until the whole amount of fractional currency outstanding shall be redeemed.

Section 2. That so much of section three thousand five hundred and twenty-four, of the Revised Statutes of the United States, as provides for a charge of one-fifth of one per centum. for converting standard gold bullion into coin, is hereby repealed. And hereafter no charge shall be made for that service.

SECTION 3. That section five thousand one hundred and seventy-seven of the Revised Statutes, limiting the aggregate amount of circulating notes of National banking associations, be, and is hereby repealed; and each existing banking association may increase its circulating notes in accordance with existing law, without respect to said aggregate limit; and the provisions of the law for the withdrawal and redistribution of National bank currency, among the several States and Territories, are hereby repealed. And whenever so often as circulating notes shall be issued to any such banking associations, so increasing its capital or circulating notes, or so newly organized as aforesaid, it shall be the duty of the Secretary of the Treasury to redeem the legal-tender United States notes in excess only of three hundred millions of dollars, to the amount of eighty per centum. of the sum of National bank notes so issued to any such banking association as aforesaid, and to continue such redemption, as such circulating notes are issued, until there shall be outstanding the sum of three hundred million dollars of such legal-tender United States notes, and no more. And on and after the first day of January, *Anno Domini*, eighteen hundred and seventy-nine, the Secretary of the Treasury shall redeem in coin the United States legal-tender notes then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United States, in the City of New York, in sums of not less than fifty dollars. And to enable the Secretary of the Treasury to prepare, and to provide, for the redemption in this Act, authorized or required, he is authorized to use any surplus revenues from time to time in the Treasury, not otherwise appropriated, and to issue, sell and dispose of, at not less than par in coin, either of the descriptions of bonds of the United States, described in the Act of Congress approved July fourteenth, eighteen hundred and seventy, entitled, "An Act to Authorize the Refunding of the National Debt,"—with the qualities, privileges and exemptions to the extent necessary to carry this Act into full effect, and to use the proceeds thereof for the purposes aforesaid. And all provisions of law, inconsistent with the provisions of this Act are hereby repealed."

When this bill was reported from the Finance Committee by Mr. Sherman, he said: "I give notice that to-morrow, if there shall be no more pressing business, I will ask the Senate to take up this bill with a view to present action."

On the next day, during the morning hour, Mr. Sherman moved that the Senate proceed to the consideration of Senate Bill Number 1,044, to Provide for the Resumption of Specie Payments. Mr. Schurz inquired, "Does the Senator from Ohio

intend to have this bill discussed, and disposed of to-day?" Mr. Sherman replied: "I suppose the bill will be discussed to-day, but I have no power to dispose of it. I think the subject has been thoroughly discussed in the Senate heretofore, and a long discussion ought not to be necessary at this time. At any rate, I intend to press this bill to its passage from this hour forward at the earliest moment practicable."

Considerable discussion ensued upon the motion of Senator Sherman. The Democratic leaders of the Senate, notably Senators Thurman and Bayard, sought to have the further consideration of the bill postponed, until after the holiday recess, but Mr. Sherman pressed his motion to a vote, and it carried, the yeas being thirty-nine and the nays eighteen. All those voting in the negative were Democrats, except Sprague, of Rhode Island, and Tipton, of Nebraska.

A bill to provide a Government for the District of Columbia had the right-of-way at the close of the morning business, and Mr. Sherman, when that time arrived, sought to gain the floor to move to postpone it until the Specie Resumption Bill had been disposed of, but Senator Merriman, of North Carolina, was entitled to the floor on the District Bill, and he refused to yield it for the motion. At the close of Mr. Merriman's speech, Senator Sherman moved that the District Bill be laid on the table for the present, and that consideration of the Finance Bill be resumed. The motion prevailed.

Mr. Sherman opened the debate on the Resumption Bill, with a simple statement of its provisions. He announced at the beginning of his remarks that he did not intend to reopen debate upon general financial topics, and he carefully avoided references to the questions which had been the subject of a long and tiresome debate during the previous session. The time for argument had passed. Mr. Sherman had not proceeded far in his statement when Mr. Schurz inquired if the eighty per centum of greenbacks, when redeemed, would be held as a reserve, and re-issued, if the Secretary of the Treasury deemed best to do so, or would they be canceled. As

before suggested this had been the most troublesome question, —the one upon which no agreement of the committee had been reached,—and to answer it emphatically either way would have been inconsistent with the policy adopted by the committee. The question of re-issue, at least so far as the $300,000,000 of legal-tender were concerned, was to be left open for future determination and legislation, and Mr. Sherman so answered. This left the legislation open to the criticism that a bill of such vast importance should not lack certainty and definiteness, upon so material a point. Senator Thurman was severe in his strictures upon the bill, for its lack in certainty and definiteness. He said that no man could tell whether it was a contraction, or inflation measure; it might operate to inflate the currency $20,000,000 or $100,000,000, or it might contract it, owing to whether or not the legal-tenders were canceled or re-issued. He predicted the failure of resumption under the bill, and that the National banks would not take out sufficient circulating notes, during the ensuing four years, to materially reduce the volume of United States notes, and, in such an event, the Treasury would be no better able to resume at the time fixed than it was then. Senator Schurz criticised the proposition severely, for its failure to provide for the cancellation of the greenbacks, as they were redeemed, and he offered an amendment requiring their destruction, but it was defeated.

As a consequence of the many years delay, in providing for resumption, the multiplicity of plans suggested, and the almost interminable discussion of the questions relating to it, the belief had become general that to successfully return to a specie basis, elaborate and intricate legislation, and executive machinery would be necessary. Therefore, this simple bill of three short sections was received with something like astonishment. The time was opportune for resumption legislation. The Republicans dared not turn the House over to their opponents without having enacted some law looking toward a return to specie payments. The Democrats felt

that they could not interpose any merely factious obstacle in the way of the bill. There was a wide-spread feeling among the people that, while the process might and probably would entail financial and business distress, yet the time had come when the problem should be grappled with and solved. But opinions varied widely as to the time, and the means to be employed. Many friends of resumption were disappointed, because an earlier day was not fixed, when the great body of the legal-tenders would be redeemed, or made convertible into coin. Others believed that the means were inadequate to enable the Treasury to successfully resume, and maintain resumption. Many who were friendly to the object of the bill criticised the means as inadequate, and expressed doubts as to the result. The political opponents of the bill, while declaring in favor of specie payments, denounced it as a trick to carry elections, they declared that the time was fixed far in the future simply to relieve the party in power of present responsibility. It would not be just to say that every man, who opposed the passage of the Resumption Act, was opposed to resumption,— there was ground for difference of opinion as to when and how it was to be brought about,— but one who put obstacles in the way of the execution of the law put his sincerity under suspicion.

Mr. Sherman, in his remarks explaining the provisions of the bill to the Senate, called attention to some of the plans of resumption which had theretofore been suggested, and pointed out wherein the plan of the bill differed from these. He said:—

"There have been three different plans proposed to prepare for specie payments, and only three. They are all grouped in three classes. One is what is called the contraction plan. The simplest, and most direct way to specie payments is, undoubtedly, the gradual withdrawal of United States notes, or the contraction of the currency. Now, we know very well the feeling with which that idea is regarded, not only in this Senate, but all through the country. It is believed to operate, as a disturbing element, in all the business relations of life; to add to the burden of the debtor by making scarce that article in which he is

bound to pay his debts; and there has been an honest, sincere opposition to this theory of contraction. Therefore, although it may be the simplest and best way to reach specie payments, it is entirely omitted from this bill.

"The second plan, that I have favored myself often, and would favor now, if I had my own way, and had no opinion to consult but my own, is the plan of converting United States notes into a bond, that would gradually appreciate our notes to par in gold. That has always been a favorite idea of mine. There is nothing of that kind in this bill, except those provisions which authorize the Secretary of the Treasury to issue bonds to retire the greenbacks as bank notes are issued; and it also authorizes the Secretary of the Treasury to issue bonds to provide for, and to maintain, resumption. I therefore have been compelled to surrender my ideas on this bill, in order to accomplish a good object, without using these means that have been held objectionable by many Senators.

"The third plan of resumption has been favored very extensively in this country, which is the plan of a graduated scale for resumption in coin or bullion,— what I call the English plan. That is, what we provide now for the redemption, at a fixed rate or scale of rates, so much gold for a specific sum of United States notes. At present rates, we would give about ninety dollars of gold for one hundred dollars of greenbacks, and then provide for a graduated scale, by which we would approach specie payments constantly, and reach it at a fixed day. This may be called a gradual redemption. This, also, is objectionable to many persons, from the idea that it compels us to enter the money markets of the world to discount our own paper. It is an ideal objection, but a very strong objection, an objection that has force with a great many people. We have undertaken to redeem these notes in coin, and it is at least a question of doubtful ethics whether we ought to enter into the markets of the world, and buy our own notes at a discount. Although that plan has been adopted in England, and successfully carried into execution, yet there is a strong objection to it in this country, and therefore that mode is abandoned.

"Either of these plans I could readily support; but they have met, and will meet, with such opposition that we cannot hope to carry them, or ingraft them in this bill without defeating it. We have then fallen back on these gradual steps: *First*, to retire the fractional currency; *second*, to reduce United States notes as bank notes are increased; and then to rest our plan upon the declaration, made on the faith of the United States, that at the time fixed by the bill we will resume the payment of the United States notes in coin at par. That is the whole of this bill."

Early in his remarks Senator Sherman said:—

"The Senate is now within less than three months, a little more than two months, of its adjournment, and there is a general feeling throughout the country, shared by all classes of people, that this Congress ought to give some definite notice to the people of this country as to their purpose in the important topics embraced in this bill; and I say to Senators on all sides of the House that this bill contains enough to accomplish the important object declared by the title of the bill, and this, without reviewing all the troublesome and difficult questions which were discussed at the last session. It contains a few simple propositions which may be separated from the mass of financial topics discussed at the last session. Its purpose is declared the title of the bill, 'An Act to Provide for the Resumption of Specie Payments.' Every word, every line, and every provision of this bill is in harmony with that title. It will tend to promote the resumption of specie payments. It may fall short in many particulars of the desire of some Senators; and it does go farther in that direction than some Senators were willing to support at the last session. It is a bill which demands reasonable concession from every member of the Senate. If we undertake now to seek to carry out the individual views of any Senator, we cannot accomplish the passage of any bill to promote this object, and, therefore, this bill has demanded of every one, who has consented to it thus far, a surrender of some portions of his opinions as to measures and means to accomplish the great purpose. I will consider my duty done, so far as this bill is concerned, by simply stating its provisions, and calling attention to the character of these provisions, without entering into a single topic that gave rise to the long discussion at the last session."

These wise suggestions reflected with precision the conclusion to which the minds of the leading Republican statesmen had arrived, and indicated the course they had marked out. The Republicans had not only agreed, but they had agreed to abide. The measure had been carefully considered in the committees, and any discussion, aside from the presentation to be made by Mr. Sherman, by the friends of the bill, would have been surplusage,—the debate was left to the opponents of the measure.

The first section of the bill provided for the redemption of the fractional currency in fractional silver coin. It conferred

power upon the Secretary of the Treasury to have coined as rapidly as practicable, sufficient silver coins, of the denomination of ten, twenty-five and fifty cents, to redeem the whole body of fractional currency outstanding. The process of redemption, the exchange of the silver coins for the currency, was to be carried on, under proper regulations, through the mints, the sub-treasuries, public depositaries and post-offices of the United States.

There was little opposition to this section, and no great difficulty was apprehended in its execution. At this time the price of silver bullion had fallen, and there was but little difference in the bullion value of the silver, and the fractional currency. Germany had demonetized silver, and it was reasonably certain that this part of the law could be executed without any great loss to the Government.

The second section of the bill repealed the law imposing a charge of one-fifth of one per centum for converting gold bullion into coin. It was hoped that the removal of this charge would encourage the coinage of gold, and thereby increase the supply of gold coin. There was no serious opposition to this section.

The third section provided for the redemption of the legal-tender United States notes in coin, beginning on the first day of January, 1879. The real controversy arose over this section, and related largely to the means, or machinery, provided to enable the Treasury to prepare for resumption at the time fixed. But few had the temerity to oppose resumption, at some time, but many professed to see with clearness the inability of the Government to resume with the means provided. The true process of resumption was a process of substitution, the substitution of a certain portion of coin for greenbacks. The proper quantity of coin injected into a volume of circulating medium, properly adjusted to the needs of business, would be resumption. The volume, however, must not be larger than the exchanges required, or the gold or coin would be forced out.

The point aimed at in the bill was to reduce the volume of the United States notes to $300,000,000, and then to accumulate a sufficient gold reserve in the Treasury to be able to redeem all the greenbacks, which would be presented after January 1st, 1879. The steps leading to the final consummation of the purpose were gradual. The first was the redemption of the fractional currency in silver coin. The second was the reduction of the volume of legal-tender notes to three hundred millions, by the redemption of the notes in excess of that amount. This redemption, however, depended upon the issue of circulation to National banks. For every one hundred dollars of National bank notes issued, there was to be eighty dollars in greenbacks redeemed, and this was to proceed until the three hundred million mark was reached. To carry on the redemption, and to accumulate a gold reserve fund against the redemption to begin January 1st, 1879, the Secretary of the Treasury could use all unappropriated surplus revenues, and he could sell bonds bearing four, four and one-half or five per cent. interest, as provided for in the Act of 1870.

The objections to the Resumption Bill might be classified as follows: *First*, that the day fixed was too remote; *second*, the means provided would prove inadequate; *third*, the volume of legal-tenders should be less than three hundred millions at the time appointed for resumption to begin; *fourth*, that more gold would be required than could be secured; *fifth*, that the National banks would be given control of the currency; and *sixth*, that the legal-tenders, when redeemed, should be destroyed. Two extreme theories were strongly supported: *First*, those who demanded that all paper money should be issued by the Government; and *second*, those who demanded just as strenuously that none of it should be issued by the Government. Those of the first class insisted upon the National bank notes being retired, and greenbacks substituted, while the second class insisted that the greenbacks should be redeemed and canceled. There was yet another class of extremists, not so influential at this time as

the two mentioned, who demanded a liberal issue of greenbacks, for which there should be no provision for redemption, and no thought taken that they should ever be redeemed. There were other financial vagaries abroad, but these will demonstrate the character of the difficulties which the Resumption Act had to encounter in the apparently irreconcilable theories and notions held by men of influence and power in the councils of the Nation. So far as these theories and notions were entertained by Republican Members and Senators, they had to be composed or surrendered before a bill could be agreed upon. The real trouble was in the committee, which formulated the measure. When the committee agreed, the contest was substantially ended. The submission of the bill to the Finance Committee was a mere matter of form. The debate in the Senate was concluded in a day, and the bill passed by a vote of thirty-two yeas to fourteen nays. The bill passed the House after a very brief debate, by a vote of one hundred and thirty-six to ninety-eight, and on the fourteenth day of January, 1875, it was signed by President Grant and became a law. And thus, after years of fruitless effort to secure the adoption of some plan for the resumption of coin payments, the whole matter was consummated in a few days.

As Senator Sherman occupied the chief position in the preliminary and final stages of the resumption legislation, he was accorded the chief credit for its passage, but he was also held to the chief responsibility. He was denounced by those who opposed resumption, and he was denounced by those who advocated it. By the former, for his part in enacting the law, and by the latter for not fixing an earlier day. The natural tendency of the time was to procrastinate. If times were good, it was thought best not to disturb, or endanger, the happy conditions. If times were hard, the difficulties of resumption were too great to be encountered, and overcome in adverse circumstances. And so from year to year, and from Congress to Congress, the fulfillment of the Nation's promise to pay coin for its notes was postponed.

Valuable and meritorious as were Mr. Sherman's services, in immediate connection with the passage of the Specie Resumption Act, of yet greater value and merit were his services, through the year preceding it, in enlightening the public intelligence, and awakening the public conscience to the practicability, and the duty of an early return to a specie basis. He allowed no opportunity to pass, when it was at all pertinent to the subject under consideration, when he did not denounce the long delay as an imputation upon the Nation's honor, and he was constantly endeavoring to inspire his party associates with the confidence which he himself had in the ability of the Government to redeem its notes in coin.

Mr. Blaine, in his "Twenty Years of Congress," sets forth Mr. Sherman's share in the passage, and execution of the Resumption Act in the following generous words of praise:—

> "Generous credit was accorded Secretary Sherman for the great achievement. It seldom happens that the promoter of a policy in Congress has the opportunity to carry it out in an Executive Department. But Mr. Sherman was the principal advocate of the Resumption Bill in the Senate, and, during the two critical years preceding the day for coin payments, he was at the head of the Treasury Department. He established a financial reputation, not second to that of any man in our history."

Mr. Sherman was an authority upon all questions of financial legislation; this, of course, gave his words upon financial questions especial weight and influence, but the real strength and utility of his labors for resumption will be found in the fact that he was not irrevocably committed, or wedded, to any one plan. He never changed in his belief that the simplest and least costly plan would have been the conversion of the greenbacks into coin bonds, but he was always ready to support any plan which gave promise of ultimate resumption of specie payments. The chief purpose, the central idea of all his speeches, during this period, was to impress upon public men, upon parties, and the people, that the supreme duty of the time was an early return to a specie basis, the

fulfillment of the Nation's promise, often made, to redeem its notes in coin, at the earliest practical moment. Much of the force of his position and influence would have been wasted if he had adhered dogmatically to some plan, and constantly and persistently kept that to the fore, but he chose the wiser course, and exhibited the broader statesmanship in his endeavor to crystalize and conserve all resumption sentiment, however divergent as to means, upon and towards the desired result.

## CHAPTER XXXVIII.

Opposition to Resumption Act After its Passage.— Its Repeal is Demanded by Democratic Party.— The Silver Question. — The Standard Dollar.— Senator Sherman's Attitude. — The Silver Commission.— The Political Issues in Ohio in 1875.— Sherman's Speech.— The End of His First Period of Senatorial Service.

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The enactment of the resumption law by no means ended the struggle. It was the object of the bitterest denunciation by newspapers and journals, supposed to be friendly to resumption. It was denounced as a political trick. That it postponed a present duty to avoid a pressing responsibility, was charged. The Democratic party immediately demanded its repeal, and sought by every means in its power to place obstacles and discouragements in the way of the execution of the law. The legislation, supplementary to the resumption law, became the subject of long and wearisome debate, and, at times, it seemed that the plan was in danger of breaking down. It was in connection with legislation, supplementary to the first section of the law, that the silver question first became prominent in Congressional debates. It was in connection with this legislation that the proposition was first made to again authorize the coinage of the standard silver dollar of 412½ grains. On the second day of March, 1876, Samuel J. Randall reported, from the Committee on Appropriations of the House, a bill authorizing the Secretary of the Treasury to have coined the fractional silver necessary to redeem the fractional currency, and appropriating $163,000 to enable him to execute its provisions. This bill, so far as it related to the small silver coins, simply reënacted in practical form the first section of the re-

sumption law, and, to that extent, was the subject of no controversy, but this bill contained a provision for the coinage of the silver dollar, and made it a legal-tender for any sum not exceeding fifty dollars, and it also made the subsidiary silver a legal-tender to the amount of twenty-five dollars in any one payment. The bill came to the Senate, and was referred to the Finance Committee. The Committee reported the bill back with certain amendments, the principal effect of which was to reduce the legal-tender quality of the silver dollar to twenty dollars, and the subsidiary coins to five dollars in any one payment, except for customs duties, and interest on the public debt.

On the eleventh day of April, 1876, Mr. Sherman made a very able speech in support of the Senate proposition, and in favor of coining the standard silver dollars with the limitations, and upon the conditions provided in the amendments. These conditions were simply that the dollar-piece should be coined as a subsidiary coin, with no privileges or qualities not possessed by the small coins, except that it should be a legal-tender for twenty dollars, and would have a greater intrinsic value. The bullion, out of which it should be coined, was to be purchased by the Government at the market price of silver bullion, and the gain or seigniorage should be paid into the Treasury, and this purchase was limited to the amount which the sinking fund would make available. The proposition was the exact opposite of free coinage. Mr. Sherman, in this speech, urged the coinage of the standard dollar as an aid to the Resumption Act. He believed that the holders of the United States notes, to a very material extent, would voluntarily exchange them for the silver dollars, and thus facilitate the redemption of these notes by the Treasury. The silver dollar provision of the bill failed of passage, but a law was passed providing for the coinage of subsidiary coins, and adopting certain regulations, under which the redemption of the fractional currency should proceed. Later, in the same session, a joint resolution was passed, allowing fractional silver to be exchanged for legal-tender notes in sums not exceeding

ten million dollars, and the notes, when thus exchanged, to be retained in the Treasury as a special fund, and not re-issued, except upon the retirement and destruction of a like amount of fractional currency. This law also limited the amount of fractional silver to fifty million dollars. No exchange of United States notes for fractional silver to any considerable extent took place, as the notes increased in value so rapidly as to soon exceed in value the fractional silver.

In the debate began the agitation which finally resulted in the remonetization of the silver dollar. Senator Sherman's attitude toward silver was friendly. He appreciated the difficulty and danger, which must attend the attempt to secure the use of both gold and silver as standard money, but he was willing to go to the very verge in attempting to use silver to the largest extent, consistent with the maintenance of a sound and honest monetary system. He insisted that the divergence in value between gold and silver upon the established ratio had rendered necessary the use of silver in a subordinate and subsidiary position,--that unlimited coinage of the silver dollar, with unlimited legal-tender quality, would inevitably bring us to the silver standard. In his speech of April 11th, Senator Sherman reviewed, in detail, the coinage systems of the European countries, and discussed the attitude and conditions of, and in the various countries, toward silver as money. There are some expressions in the speech which might be construed as favoring the double standard of gold and silver, and he expressed the hope that the depreciation of silver might be temporary, because he was very far from favoring any attempt to restore the metals to an equality as money by legislation under the then existing condition. He commended the proposition to have an International Monetary Conference, with a view to arranging, by International Convention, a unit of money of account, both of gold and silver. In this speech he asserted that the only safe system under the conditions prevailing was to adhere to the gold standard, and to limit silver coinage to token coins. He spoke of an international arrangement, by which gold and silver

might be coined at the ratio of fifteen and one-half to one, with silver limited in amount and tender quality. At this time, however, no one had any conception of the vast increase that was soon to occur in the production of silver in the United States. A few months after the debate, just referred to, and during that session of Congress, a monetary commission was created, with power to make inquiry, and to report. At the head of this commission was Senator Jones, of Nevada, a man of marvellous learning, in the science of metallic money. In the report, prepared by him, he estimated the silver production of the United States for the five years, prior to 1875, at $23,800,000 annually, and he expressed the opinion that the production would probably decrease thereafter. This demonstrates how little the most competent public men of that time knew, or comprehended, or could know or comprehend, as to the future production of the money metals, and how the ratio at which gold and silver had been coined as standard money, was to be rendered wholly impracticable. This estimate of Senator Jones was too low, by perhaps four or five millions a year, but within the next decade the production had increased to $42,000,000 a year, and in the next six years it had increased to $57,000,000, in commercial value, and $75,000,000 in coinage value. From 1875 to 1892 the increase in silver production from the mines of the United States was from 24,500,000 fine ounces in the former year, to 63,500,000 fine ounces in the latter. The silver production from 1860 to 1875 was $258,674,000 in commercial value, and $257,400,000 in coinage value. These latter figures show the value of the silver at the ratio of sixteen of silver to one of gold, the former show its value as a commodity.

The joint resolution, which became a law on the twenty-second of July, 1876, deprived the trade dollar of its legal-tender quality, and limited its coinage to such an amount as might be necessary for export. The trade dollar, designed originally to be used exclusively in trade with eastern countries, by reason of its legal-tender quality to the

amount of five dollars, had gained a large circulation at home. It was necessary, by reason of the depreciation of silver, to deprive it of its legal-tender quality, in order to retire it from use in domestic trade, and thereby prevent disturbance, and obviate danger in our monetary system.

This ended the important financial legislation, with which Mr. Sherman was connected prior to his appointment as Secretary of the Treasury. In following the chronological order of the Congressional proceedings, relating to and resulting in the enactment of the Resumption Act, many things that the Senator did in Congress and out of it, to inspire confidence in the ability of the Government to resume, and in answering demands for the repeal of the Act, have been omitted. The Resumption Act ran the gauntlet of public sentiment first in Ohio. The law was but a little more than four months old when the Democratic party of Ohio met in State Convention, and demanded its repeal. This Convention met unusually early in the year (June 7th, 1875), in order that Sherman's State might be first in the field, and first to declare war on the Resumption Act. One of the resolutions declared:—

"We demand that this policy (the resumption policy), be abandoned, and that the volume of currency be made, and kept equal to the wants of trade, leaving the restoration of legal-tenders to par with gold to be brought about by promoting the industries of the people, and not by destroying them."

Other resolutions denounced the Republican party for an alleged intention to abolish legal-tenders, and substitute National bank notes, and demanded that the National bank circulation be promptly and permanently retired, and legal-tenders issued in their stead; that the legal-tenders be made receivable for all public dues and obligations, except where made payable expressly in coin; that the National bank system be abolished, and a State bank system be established. No pentup Utica contracted the powers of the Ohio Democracy, at this time. It declared its adherence to every finan-

cial heresy, which the discontent of hard times had given birth to, but the specific issues tried in the campaign were the Resumption Act, and John Sherman. The Convention nominated William Allen for Governor. His nomination was not only a very strong one, but it was a most appropriate one, he stood four square with the platform. Governor Allen then belonged to a generation of statesmen and politicians which had performed its labors, and gone to rest, or retirement. Two years before, he had been drawn from an honorable retirement to lead his party to victory against Governor Noyes.

The Republican Convention had met in April, and nominated Rutherford B. Hayes for Governor, and had resolved in favor of continuing the policy of resumption. The Republican campaign was opened at Marion, Lawrence County, with speeches by Senator Sherman and Governor Hayes. There is no doubt but, at this time, the trend of public sentiment in the middle and western States was against the Resumption Act. The iron industries in Ohio were still suffering from the panic of 1873. The prices of iron and agricultural products were low, and general business was depressed. The signs of revival were easily discernible, but there was a feeling of impatience, and the belief was strongly and extensively entertained that the quickest way to better times was through an increase in the volume of money. It was plausibly argued that if resumption succeeded it could only be through a large curtailment of the paper currency; that there was then not sufficient money, and that a contraction of the already insufficient volume would be a calamity; that resumption was impossible with the means provided in the Act; that the panic of 1873 was caused by a contraction of the currency. The anti-resumption appeal, of this year, was ingeniously contrived to suit the conditions. In this speech Senator Sherman covered the whole field of contention; his speech was popular in form, but unanswerable in its argument. He gave the history of the Resumption Act, and then took up, one by one, the financial resolutions of the Demo-

cratic platform, and demonstrated that they were either unfounded in fact or fallacious. He showed that there had been no contraction of the currency by the Republican party, and that, if specie payments were resumed, the volume would be greatly increased; that the customs duties in coin had been mortgaged for the coin payment of the interest on the public debt, and that, to repudiate that obligation by providing for the duties in currency, would be National dishonor. His speech was printed, and extensively circulated, and he spoke frequently throughout the campaign. It was largely due to the firm stand which General Hayes took in the campaign in favor of the Resumption Act, and the splendid and popular defense which Senator Sherman made for the financial policy of the Republican party, that the Republican ticket was carried, by a small majority. The election of Hayes, in October, as Governor of Ohio for the third time, brought him prominently forward as an available candidate for President. Mr. Sherman had been mentioned as a candidate, but he generously relinquished the claims he might have made for Ohio's support, and in a letter dated January 21st, 1876, to the State Senator from his home district, he announced himself in favor of the nomination of Governor Hayes. During the session of Congress of 1875-1876 Senator Sherman was engaged almost constantly in efforts to strengthen the Resumption Act. He made numerous speeches in that session, some of which have been referred to in another connection; on the sixth of January he spoke, and a paragraph or two from that speech will show how hopeful he was of the future, and how he sought to inspire others with hope and confidence. He referred to the distress of the previous three years, and to other years of business and financial trouble and disorder, and he said:—

"We have lived through them all. I believe, and I trust in God, that this very year is the beginning of another period of prosperity, and that all these dark clouds, which gentlemen are trying to raise up from the misery of the last two or three years, and from their own clouded

imaginations, will entirely disappear. I believe that even now we are in the sunshine of increasing prosperity, and that every day, and every hour, will add to our wealth and relieve us from our distresses. Sir, things are not so unhopeful as Senators seem to think. We have made a promise, to be executed three years hence, and every step of our legislation, if any is had, should look in that direction. We may not adopt any measure, or may not deem that any is necessary, but, if any be adopted, it ought to look to the execution of that promise, and we ought to enter on the performance of this duty with hopeful trust in the continued prosperity of our county. All this gloom and doubt, all this arrangement of official statements, this doubt of sufficient resources, this doubt of our ability to meet and advance our destiny, always falls upon my ears with painful surprise. Senators, this task we have before us, may be a difficult one, as it has always proved difficult to resume the specie standard, whenever, for any reason, a Nation has fallen from it, but it is a duty that must be executed, and it ought to be executed, without the spirit of party warfare, without these appeals, directly or indirectly, to party tactics. The pledges made one year ago, although not voted for by the Democratic party, are pledges binding on their honor and faith as they are upon mine, and I trust in God that we shall join together in all the proper steps to carry out these pledges."

On the sixth day of March, 1876, Senator Sherman made an exhaustive financial speech in the Senate. The speech, like many of the Senator's most effective Congressional utterances, was not made upon any bill or resolution under consideration, but was a general defense of the resumption policy, and it was made to answer arguments, and to counteract influences, tending to create and encourage opposition to, and sentiment against, the execution of the Resumption Act. Some respectable and influential business organizations had petitioned Congress to repeal the Act. The Chamber of Commerce of New York had passed a series of resolutions favoring a continuation of the policy, and Mr. Sherman, upon the occasion of presenting these resolutions to the Senate, seized upon the opportunity to make what proved to be his last, and his greatest argument, for resumption, prior to his appointment as Secretary of the Treasury.

With the omission of some tables and quotations the

speech is here printed as found in the authorized publication of his speeches:—

"MR. PRESIDENT:—I have taken the unusual course of arresting the reference to the Committee on Finance of the memorial of the Chamber of Commerce of New York in order to discuss in an impersonal and non-partisan way one of the questions presented by that memorial, and one which now fills the public mind and must necessarily soon occupy our attention. The question is, "Ought the Resumption Act of 1875 to be repealed?" The memorial strongly opposes such repeal, while other memorials, and notably those from the Boards of Trade of New York and Toledo, advocate it. These opposing views are supported in each House of Congress, and will, when our time is more occupied than now, demand our vote.

"And, sir, we are forced to consider this question when the law it is proposed to repeal is only commencing to operate, now, three years before it can have full effect—during all of which time its operation will be under your eye and within your power—and while the passions of men are heated by a Presidential combat, when a grave question, affecting the interests of every citizen of the United States, will be influenced by motives entirely foreign to the merits of the proposition.

"And the question presented is not as to the best means of securing the resumption of a specie standard, but solely whether the only measure that promises that result shall be repealed. We know there is a wide and honest diversity of opinion as to the agency and means to secure a specie standard. When any practicable scheme to that end is proposed I am ready to examine it on its merits; but we are not considering the best mode of doing the thing, but whether instead we will recede from the promise made by the law, as it stands, as well as refuse all means to execute that promise. If the law is deficient in any respect it is open to amendment. If the powers vested in the Secretary are not sufficient, or you wish to limit or enlarge them, he is your servant, and you have but to speak and he obeys. It is not whether we will accumulate gold or greenbacks or convert our notes into bonds, nor whether the time to resume is too early or too late. All these are subjects of legislation. But the question now is, whether we will or will not repudiate the legislative declaration, made in the Act of 1875, to redeem the promise made and printed on the face of every United States note, a promise made in the midst of war, when our Nation was struggling for existence, a promise renewed in March, 1869, in the most unequivocal language, and finally, by the Act of 1875, made specific as to time.

"And let us not deceive ourselves by supposing that those who oppose this repeal are in favor of a purely metallic currency, to the ex-

clusion of paper currency, for all intelligent men agree that every great commercial nation must have both: the one as the standard of value by which all things are measured, which daily measures your bonds and notes as it measures wheat, cotton, and land; and the other as a paper or credit currency, which, from its convenience of handling or transfer, must be the medium of exchanges in the great body of the business of life. Statistics show that in commercial countries a large proportion of all transfers is by book accounts and notes, and more than nine-tenths of all the residue of payments is by checks, drafts, and such paper tools of exchange. Of the vast business done in New York and London, not five per cent. is done with either paper money, or gold or silver, but by the mere balancing of accounts, or exchange of credits. And this will be so whether your paper money is worth forty per cent. or one hundred per cent. in gold. The only question is, whether in using paper money we will or will not have that which is as good as it promises — as good as that of Great Britain, France, or Germany, as good as coin issued from your mints — or whether we will or will not content ourselves with depreciated paper money, worth ten per cent. less than it promises, every dollar of which daily tells your constituents that the United States is not rich enough to pay more than ninety per cent. on the dollar for its three hundred and seventy millions of promises to pay, or that you have not courage enough to stand by your promise to make the payment.

"Nor are we to decide whether our paper money shall be issued directly by the Government or by banks created by the Government; nor whether at a future time the legal-tender quality of United States notes shall continue. I am one of those who believe that a United States note issued directly by the Government and convertible on demand into gold coin or a Government bond, equal in value to gold, is the best currency we can adopt; that it is to be the currency of the future, not only in the United States, but in Great Britain as well; and that such a currency might properly continue to be a legal-tender except where there is a specific stipulation for coin.

"But these are not the questions we are to deal with. It is whether the promise of the law, that the United States shall pay such of its notes as are presented on and after the first day of January, 1879, in coin, shall or shall not be fulfilled; and whether the National banks will or will not, at the same time, redeem their notes either in coin or in United States notes made equal to coin; or whether the United States shall or shall not revoke its promise and continue for an indefinite period to force upon the people a depreciated currency, always below the legal standard of gold, and fluctuating daily in its depreciation as Congress may threaten or promise, or speculators may hoard, or corner, or throw out your broken promises. It is the turning-point in our financial his-

tory, which will seriously affect the life of individuals and the fate of parties, but, more than all, the honor and good faith of our country.

"At the beginning of our National existence, our ancestors boldly and hopefully assumed the burden of a great National debt, formed of the debts of the old confederation and of the States that composed it; and, with a scattered population and feeble resources, they honestly met and paid, in good solid coin, every obligation. After the War of 1812, which exhausted our resources, destroyed our commerce, and greatly increased our obligations, a Republican administration boldly funded our debt, placed its currency upon the coin basis, promptly paid its interest, and reduced the principal; and within twenty years after that war was over. Under the first Democratic President, it paid the debt in coin, both principal and interest, to the last dollar. And now, eleven years after a greater war, of grander proportions, in which not merely foreign domination threatened us, but the very existence of our Nation was at stake, and after our cause has been blessed with unexampled success, with a country teeming with wealth, with our credit equal to that of any nation, we are debating whether we will or will not redeem our promises according to their legal tenor and effect, or, instead, to attempt their repeal and cancellation.

"I invoke in the consideration of this question the example of those who won our independence and preserved it to us, that it may inspire us to so decide this question that those who come after us may point to our example of standing by the public faith now solemnly pledged, even though to do may not run current with the temporary pressure of the hour or may entail on us some sacrifice and hardship.

"What then is the law it is proposed to repeal? I will state its provisions fully in detail; but the main proposition — the essential core of the whole — is the promise to which the public faith is pledged, that the United States will, on and after the first day of January, 1879, redeem in gold coin any of its notes that may be presented to the Treasury. This is the vital object of the law. It does not undertake to settle the nature of our paper money after that, whether it shall or shall not be re-issued again, whether it shall or shall not thereafter be a legal-tender, not whether it shall or shall not supersede bank notes. All this is purposely left to the future. But it does say that, on and after that day, the United States note promising to pay one dollar shall be equal to the gold dollar of the Mint.

"The questions then arise:

"1. Ought this promise to be performed?

"2. Can we perform it?

"3. Are the agencies and measures prescribed in the law sufficient for the purpose?

"4. If not, what additional measures should be provided?

"Let us consider these questions in their order with all serious deliberation that their conceded importance demands.

"And first, ought this promise to be fulfilled?

"To answer this we must fully understand the legal and moral obligations contained in the notes of the United States. The purport of the note is as follows:

"'The United States promises to pay the bearer one dollar.'"

"This note is a promise to pay one dollar. The legal effect of this note has been announced by the unanimous opinion of the Supreme Court of the United States, the highest and final judicial authority in our Government.

"The legal-tender attribute, given to the note, has been the subject of conflicting decisions in that court, but the nature and purport of it is not only plain on its face, but is concurred in by every judge of that court and by every judicial tribunal before which that question has been presented.

"In the case of Bank *vs.* Supervisors, 7 Wallace, 31, Chief-Justice Chase says:—

"'But on the other hand, it is equally clear that these notes are obligations of the United States. Their name imports obligation. Every one of them expresses upon its face an engagement of the Nation to pay to the bearer a certain sum. The dollar note is an engagement to pay a dollar, and the dollar intended is the *coined* dollar of the United States, a certain quantity in weight and fineness of gold or silver, authenticated as such by the stamp of the Government. No other dollars had before been recognized by the legislation of the National Government as lawful money.'

"Again in the case of Bronson *vs.* Rhodes, 7 Wallace, 251, Chief-Justice Chase says:—

"'The note dollar was the promise, to pay a coined dollar.'

"In the legal-tender cases, 12 Wallace, 560, Justice Bradley says:—

"'It is not an attempt to *coin* money out of a valueless material, like the coinage of leather, or ivory, or cowry shells. *It is a pledge of the National credit.* It is a *promise* by the Government to *pay dollars;* it is not an attempt to *make* dollars. The standard of value is not changed. The Government simply demands that its credit shall be accepted and received by public and private creditors during the pending exigency. . . .

"'No one supposes that these Government certificates are never to be paid; that the day of specie payments is never to return. And it matters not in what form they are issued. . . . Through whatever changes they pass, their ultimate destiny is *to be* paid.'

"In all these legal-tender cases, there is not a word in conflict with these opinions.

"Thus, then, it is settled that this note is not a dollar, but a debt due; a promise to pay a dollar in gold coin. Congress may define the weight and fineness of a dollar, and it has done so by providing a gold coin

weighing 25 $\frac{8}{10}$ grains of standard gold $\frac{9}{10}$ fine. The promise is specific and exact, and its nature is fixed by the law and announced by the court. Here I might rest, as to the nature of the United States note; but it is proper that I state the law under which it was issued and the subsequent laws relating to it.

"The Act of February 25, 1862, gave birth to this note as well as to the whole financial policy of the war. The first section of that act authorizes the Secretary of the Treasury to issue, upon the credit of the Nation, United States notes to the amount of $150,000,000, payable to bearer at the Treasury of the United States. The amount of these notes was subsequently increased during the war to the maximum sum of $450,000,000, but the nature and character of the notes was the same as of the first issue. The enlargement of the issue did not in the least affect the obligation of the United States to pay them in coin. This obligation was recognized in every loan law passed during the war; and to secure the note from depreciation the amount was carefully limited, and every quality was added to maintain its value, that was possible during the exigencies of the war. I might show you, from the contemporaneous debates in Congress, that at every step of the war the notes were regarded as a temporary loan, in the nature of a forced loan, but a loan cheerfully borne, but to be redeemed soon after the war was over. It was not until two years after the war, when the advancing value of the note created an interest to depreciate it to advance prices for speculative purposes, that there was any suggestion of putting off the payment of the note. The policy of a gradual contraction of the currency with a view to specie payments was, in December, 1865, concurred in by the almost unanimous vote of the House of Representatives, and the Act of April 12, 1866, authorized the retiring and cancellation each month of $4,000,000 in notes. No one then questioned the policy, the duty, or the obligation of the United States to redeem these notes in coin.

"Why has not this duty been performed? How comes it that, fourteen years after these notes have been issued, and eleven years after the exigency is over, we are debating whether they shall or shall not be paid, and when they shall be paid? We may well pause to examine how this plain and positive obligation has so long been deferred by a nation always sensitive to the public honor.

"The fatal commencement of this long delay was in this provision of the Act approved March 3, 1863, as follows:—

"'And the holders of the United States notes issued under and by virtue of said acts shall present the same for the purpose of exchanging the same for bonds as therein provided on or before the first day of July, 1863, and thereafter the right so to exchange the same shall cease and determine.'

"Thus, under the pressure of war, and the plausible pretext of a

statute of limitations, the most essential legal attribute of the note was taken away. This act, though convenient in its temporary results, was a most fatal step, and for my part, in acquiescing in and voting for it, I have felt more regret than for any other act of my official life. But it must be remembered that the object of this provision was not to prevent the conversion of notes into bonds, but to induce their conversion. It was the policy and need of the Government to induce its citizens to exchange the notes freely for the bonds, so that the notes might again be paid out to meet the pressing demands of the war. It was believed that if this right to convert them was limited, in time this would cause them to be more freely funded; and Mr. Chase, then Secretary of the Treasury, anxious to prevent a too large increase of the interest on the public debt, desired to place in market a five per cent. bond instead of a six per cent. bond. The fatal error was in not changing the right to convert the note into a five per cent. bond instead of a six per cent. bond. This was, in fact, proposed in the Committee on Finance; but it was said that a right to convert a note into a bond at any time was not so likely to be exercised as it would be if it could only be exercised at the pleasure of the Government. And this plausible theory to induce the conversion of notes into bonds was made the basis, after the war was over, for the refusal of the United States to allow the conversion of its notes into bonds, and has been the fruitful cause of the continued depreciation and dishonor of the United States notes during the last five years, while our five per cent. bonds have been at par with gold, and while our notes rise and fall in the gamut of depreciation from six to twenty-two per cent. below gold.

"Although the right to convert notes into bonds was taken away, yet in fact they were during the war received, par for par, for bonds; and after the war was over all the interest-bearing securities were converted into bonds; but the notes — the money of the people — the artificial measure of value, the most sacred obligation, because it was past due, was refused either payment or conversion, thus cutting it off from the full benefit of the advancing credit of the Government, and leaving to it only the forced quality of legal-tender in payment of debts.

"Shortly after the war was over, and notably during the Presidential campaign of 1868, the question arose as to whether the bonds of the United States were or were not payable in coin or United States notes. Both notes and bonds were then below par in coin, the notes ranging from sixty-seven to seventy-five cents in coin; and five per cent. bonds from seventy-two to eighty cents in coin. Here again the opportunity was lost to secure the easy and natural appreciation of our notes to the gold standard. Had Congress then authorized the conversion of notes into bonds when both were depreciated, both would have advanced to par in gold; but on the one hand it was urged that this would cause a

rapid contraction, and on the other that the right to convert a note into a bond was not specie payment, but only the exchange of one promise for another. It was specie payment they decidedly favored, but that they did not have the wisdom then to secure. If the advocates for specie payment had then supported a restoration of the right to convert notes into bonds, they would have secured their object with but little opposition. But all measures to fund the notes at the pleasure of the holder were defeated, and instead there was ingrafted into the act to strengthen the public credit—

"First, a declaration 'that the faith of the United States is solemnly pledged to the payment in coin, or its equivalent, of all the obligations of the United States not bearing interest, known as United States notes, and of all the interest-bearing obligations of the United States' except such as by the law could be paid in other currency than gold and silver.

"Second, 'and the United States also solemnly pledges its faith to make provision, at the earliest practicable period, for the redemption of the United States notes in coin.'

"Here again the obligation of the Government to pay these notes in coin was recognized, its purpose declared, and the time fixed, 'as early as practicable.' What was the effect of this important act of Congress? Without adding one dollar to the public debt, or the burden of the debt, both bonds and notes rose in value. Within one year the bonds rose to par in gold, making it practicable to commence the refunding of six per cent. bonds into five per cent. bonds. The notes rose under the stimulus of this new promise in one year from seventy-six cents to eighty-nine cents in gold, but no steps whatever were taken for their redemption.

"The amount of bank notes authorized was increased fifty-four millions. The Executive Department pursued the policy of redeeming debts not due, and, from an overflowing Treasury, reduced very largely the public debt; but no steps whatever were taken to advance the value of our notes. The effect of the Act of 1869 was exhausted on the adjournment of Congress in March, 1870, when the United States notes were worth eighty-nine cents in gold; and thereabouts, up and down, with many fluctuations, they have remained to this day. The bond-holder, secure in the promise to him, is happy in receiving his interest in gold, with his bond above par in gold. The note-holder, the farmer, the artisan, the laborer, whose labor and production are measured in greenbacks, still receives our depreciated notes worth ten per cent. less than the gold promised him 'at the earliest day practicable.' The one has a promise performed; the other a promise postponed.

"Thus we stood when the panic of '73 came upon us; we had then more paper money afloat than ever before circulated in any country of the world. Even then, had we stood firmly, the hoarding tendency of

the panic would have advanced our notes toward the gold standard; and in fact it did so during the months of September and October, and until the premium on gold had fallen to eight per cent. But, sir, at this critical moment, the Secretary of the Treasury, acting no doubt in good faith, but I think without authority of law, issued twenty-six millions more United States notes — part of the notes retired and canceled under previous acts. And now, notwithstanding all the talk about contraction of the currency, we have not withdrawn one-half of this illegal issue. On the first of September, 1873, we had three hundred and fifty-six million notes outstanding. Three months afterward we had three hundred and eighty-two million; and now we have three hundred and seventy-one million.

"Sir, it was under the light of these events, after the fullest discussion ever given in Congress to any question — after debate before the people during the recess of Congress, and full deliberation last winter — that this Act was passed. There was and is now great difference of opinion as to the details; but the vital promise made the note-holder, to make his note as good as gold in January, 1879, was concurred in by a large majority of both Houses, many of whom opposed the bill as too slow in its operations. This act of honor and public faith was applauded by the civilized world, and concurred in by our constituents; the only doubts being as to the machinery for carrying it into effect. The time for the Act to go into operation was fixed by those who most feared resumption; but no one proposed a remoter date. My honorable friend from Indiana [Mr. Morton] truly said (in the recent campaign in Ohio) that he participated in framing it; and he and those who agreed with him fixed a time so remote as to excite the unfounded charge that the bill was a sham, a mere contrivance to bridge an election.

"And now, sir, to recapitulate this branch of the question: It is shown that the holder of these notes has a promise of the United States, made in February, 1862, to pay him one dollar in gold coin; that the legal purport of this promise has been declared by the Supreme Court; that we have taken away from this note one of the legal attributes given it, which would long since have secured its payment in coin; that when the note was authorized and issued it was understood as redeemable in coin when the war was over; that our promise to pay it was renewed in 1869 — "at as early a day as practicable"; that by reason of our failure to provide for its payment it is still depreciated below par more than one-tenth of its nominal value; that we renewed this promise and made it definite as to time by the Act of 1875; and that it is a debt due from the United States, and due now in coin, in law and honor. Yet it is proposed to recall our promise to redeem this note in coin three years hence. I say, sir, this would be National dishonor. It would destroy the confidence with which the public creditor rests upon the

promises contained in your bonds. It would tend to arrest the process by which the interest on your bonds is reduced. It would accustom our people to the substitution of a temporary wave of popular opinion for its written contract or promise. It would weaken in the public mind that keen sense of honor and pride which has always distinguished the English-speaking nations in dealing with public obligations.

"And, sir, passing from considerations of public honor, which forbid the repeal of the Act of 1875, let us now consider also the reasons of *public policy* by which it is prohibited. That Act was regarded as the settlement of a financial policy, by which at least the party in power is bound and upon the faith of which business men have conducted their affairs and made their contracts. Debts have been contracted and paid with the expectation that at the time fixed the gold standard would measure all obligations, and a repeal of the Act would now reopen all the wild and dangerous schemes of speculation that feed and fatten upon depreciated paper money. The influence that secures this repeal will not stop here. If we can recall our promise to pay our outstanding notes, why should we not issue more? If we can disregard our promise to pay them, why shall we regard our promise not to issue more than $400,000,000 as stipulated for by the Act of 1864? If we can reopen the question of the payment of our notes, why may we not reopen the question of the payment of our bonds? Is the Act of 1869 any more sacred than the Act of 1875? If we reopen these questions, why not reopen the laws requiring the payment of either interest or principal of the public debt? They rest upon acts of Congress which we have power to repeal. If the public honor can not protect our promise to the note-holder, how shall it protect our promise to the bondholder? Already do we see advocated in high places, by numerous and formidable organizations, all forms of repudiation, which, if adopted, would reduce the credit of our Nation to that of a robber chief — to a credit worse than that of an Algerine pirate, who at least would not plunder his own countrymen. And if the public creditor has no safety, what chance can the National banks — creations of our own and subject to our will — have in Congress? It is already proposed to confiscate their bonds, premium and all, as a mode of paying their notes with greenbacks. What expedient so easy if we would make money cheap and abundant? Or, if so extreme a measure could be arrested, what is to prevent the permanent dethronement of gold as a measure of value, and the substitution of an interconvertible currency bond bearing 3.65 per cent. interest as a standard of value; and, when it becomes too expensive to print the notes to pay the interest, reduce the rate? Why not? Why pay 3.65 per cent. when it is easier to print three per cent.? It is but an act of Congress. And when the process of repudiation goes so far that your notes will not buy bread, why then declare against all interest, and then, after

passing through the valley of humiliation, return again to barter, and honor, and gold.

"Sir, there is but one end if you once commence this downward course of repudiation. You may, like Mirabeau and the Girondists, seek to stem the torrent, but you will be swept away by the spirit you have evoked and the instruments you have created. You complain now of a want of confidence, and that this want makes men hoard their money. Will you, then, destroy *all* confidence? No, sir, no; the way to *restore* confidence is to *inspire* it; and this can be done by fulfilling your obligations. You can not make men lend to you; you can not make them sell to you anything — either bread, or meat, or wool, or iron, or anything that is or that can be created — except for that which they choose to take. You may depreciate the money which you offer, but it will only take the more of it to buy what you want. It is true that the creditor may, by your laws, be compelled to take your money, however much you depreciate it; but he can not buy back with it that which he sold, or its equivalent in other necessaries of life; and thus he is cheated of part of what he sold. During the war, while money was depreciating, many a simple man gleefully counted his gains as he sold his goods or crops at advancing prices, but he found out his mistake when with his swollen pile he tried to replace his stock in trade or to lay in his supplies. Sir, this policy exhausts itself in cheating the man who buys or sells or loans on credit, who produces something to sell on credit; whether that something be or be not food or clothing; whether it be or be not a necessity or a luxury of life. Productive labor, honest toil, whether of the farmer or the artisan, is deeply interested in credit. It is credit that gives life and competition to trade; and credit is destroyed by every scheme that impairs, delays, or even clouds an obligation.

"Again, sir, an irredeemable and fluctuating currency always raises the rate of interest on money, while the rate is reduced by a stable currency or an inproving currency. This is easily shown by statistics, but the reason is so obvious that proof is not needed. If a man lends his money he wants it back again with its increase; but if the money, when it is to be paid back, is likely to be worth less than when he thinks of loaning it, he will decline to lend it except at such rates as will cover the risk of depreciation. He will prefer to expend it in land or something of stable value. If money is at the gold standard or is advancing toward that standard, he will loan it readily at a moderate interest for he knows he will receive back money of at least equal value to that he loaned.

"Again, sir, with a depreciated currency, great domestic productions are cut off from the foreign market; for it is impossible that with such a currency we can compete on equal terms with rival nations, whose

industry rests upon a specie standard. As we approach such a standard, we are now able, as to a few articles, to compete with foreign industry; but it is only as to articles in the manufacture of which we have peculiar advantages. Let us rest our industries on that standard, and soon we can compete in the markets of the world in all the articles produced from iron, wood, leather, and cotton, the raw basis of which are our natural productions. And it must be remembered that all the countries with which we compete are specie-paying countries. A country that does not rest her industry upon specie is necessarily excluded from the great manufacturing industries of modern civilization, and is self-condemned to produce only the raw basis for advanced industry. Cheap food, climate, soil, or natural advantages, such as cheap land, vast plains for pasture, or rich mines, may give to a country wealth and prosperity in spite of the evils of depreciated paper money. When we come into competition with the world in the advanced grades of production which give employment to the skilled mechanic, we must rest such industry upon the gold basis, or we enter the lists like a knight without his armor.

"Again, sir, a depreciated and fluctuating currency is a premium and bounty to the broker and money-changer. Under his manipulation our paper standard of value goes up and down, and he gambles and speculates, with all the advantages in his favor. Good people look on and think that it is gold that is going up and down; that their money is a dollar still, and trade and traffic in that belief. But the shrewd operator calculates daily the depreciation of our note, the shortening of the yard-stick, the shrinking of the acre, the lessening of the ton; and thus it is that he daily adds to his gains from the indifference or delusion of our people.

"Sir, this is an old story, often repeated in our day, and it was eloquently epitomized by Daniel Webster in that often-quoted passage of his speech in which he said:—

"'A disordered currency is one of the greatest of political evils. It undermines the virtues necessary for the support of the social system and encourages propensities destructive of its happiness. It wars against industry, frugality, and economy; and it fosters the evil spirit of extravagance and speculation. Of all contrivances for cheating the laboring classes of mankind none has been more effectual than that which deluded them with paper money. Ordinary tyranny, oppression, excessive taxation, these bear lightly on the happiness of the mass of the community, compared with the fraudulent currencies and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression of the virtuous and well-disposed of a degraded paper currency authorized by law or in any way countenanced by Government.'

"Sir, we must meet this question of specie payments, not only because we have pledged to it the public honor, but also for the lesser

reason that it is for our interest. The only questions we should permit ourselves to discuss are the means and measures of keeping our promise.

"And now, sir, let us examine the reasons that have been given for the repeal of the Resumption Act by those who, though favoring resumption, yet think the Act should be repealed for one or other of the following reasons:

"1. That it is not advisable to fix a day for resumption.
"2. Or at least until the balance of trade is in our favor.
"3. That it produces a contraction of the currency.
"4. That it injuriously adds to the burden of existing debts.
"Let us glance at these objections.
"1. As to fixing a day for resumption.

"If it was possible to agree upon measures that would secure resumption without fixing a time, I agree it would not be indispensable, though not unadvisable, to take this step. But such an agreement is utterly impossible. Of the multitude of schemes that have been presented to me by the intelligent men who are trying to solve this problem, many could have been selected that in my opinion would be practicable; but of all of them not one ever has or is likely to secure the assent of a majority of a body so numerous as Congress. One difficulty we have encountered is that the Democratic party, though in the minority, has never presented in any form through any leading member a plan for resumption, but with widely differing opinions have joined in opposing any and every measure from the other side. I understand from the papers that our Democratic friends, through a caucus, and through a caucus committee of which my colleague is chairman, have been laboring to agree upon a plan for specie payments. After his frequent speeches to us about a caucus measure — a great question being submitted to a caucus — about secret conclaves, about shams, and deceptions, and such like polite and friendly comments upon the work of the Republican party, I might greet my colleague with such happy phrases about *his* caucus; but I will not; on the contrary I commend his labors, and sincerely hope that he and his political friends may agree upon some plan to reach a specie standard, and not one to avoid it, to prevent it, to defer it. Under color of intending to prepare for it, I hope they will not make their measure the pretext for repealing the law as it stands, but instead that they will secure the end we both aim at, by fixing the day for resumption.

"I frankly state, for the Republican party, that, while we could agree to fixing the time for specie payments and to confer the ample and sufficient powers upon the Secretary of the Treasury contained in this law, we could not agree in prescribing the precise mode in which the

process should be executed. Nor, in my opinion, was it all essential that we should. Much must be left to the discretion of the officer charged with the execution of such a law. The powers conferred, as I shall show hereafter, are ample; and the discretion given will be exercised under the eye of Congress.

"And, sir, there is strong force in the fact that in every example we have of the successful resumption of specie payments in this and other countries, a fixed day has been named by legislative authority, and the details and power of execution have been left to Executive authority. Thus in Great Britain, the act of Parliament of July 2, 1819, fixed the time for full resumption at the first day of May, 1823, and for a graduated resumption in gold at intermediate dates; and for fractional sums under forty shillings to be paid in silver coin; and the governor and directors of the Bank of England were charged with its execution, and authorized at their discretion to resume payment in full on the first day of May, 1822. France is now successfully passing through the same process of resumption, the time being fixed (two years ago) for January 1, 1878, and now practically attained. In our own country many of the States have presented similar laws in case of suspended bank payments, and in some cases the suspended banks have, by associated action, fixed a time for general resumption, and each bank adopted for it its own expedient. Sir, the light of experience is from the lamp of wisdom. I can recall no case of successful resumption where a fixed future time has not been presented beforehand, either by law or agreement; while the historical examples of repudiation of currency have come by the drifting process, by a gradual decline of value, by increased issues, and by a refusal to provide measures of redemption, and were followed by the disappearance of the whole mass, dishonored and repudiated.

"This concurrence in the mode of resumption by so many governments was the strongest possible instruction to Congress when fixing a plan of resumption for the United States, and should satisfy reasonable men of its wisdom.

"Besides, it would seem to be but fair that every one should have plain notice of so important a fact. If the measures only were presented and no time fixed, it would be a matter of speculation, and the discretionary powers of the Secretary of the Treasury could be exercised with a view to hasten or postpone the time to the injury of individuals.

"As to the date selected, I can only repeat it was placed as remote as any one suggested; far more so than is necessary to secure the object, and so that the fluctuations of value will scarcely exceed in four years what they have frequently been in a single year. Ample time is given to arrange all the relations of debtor and creditor, and to enable

Congress to provide any additional measure in aid of resumption, or if events make it expedient, to even make further postponement.

"Again, it has been objected that we can not resume, until the balance of trade is in our favor. The phrase, 'balance of trade' has been a favorite with visionaries and theorists, and is sufficiently indefinite to confuse and mislead. The dogma is generally understood to mean 'that a nation that imports more than it exports is growing poorer'; or conversely 'that a nation that exports more than it imports is prosperous.' Now, sir, both propositions have been proved false in many cases, though both in some may be true. It does not follow that an excess of imports creates distress, or that a deficiency of exports is an evidence of poverty. Even the excess of imports upon which interest is paid may be of wealth-producing productions; or a deficiency of exports may be caused by an increased domestic manufacture of raw products of home industry. But the best way to test the fallacy of this dogma is by reference to examples. Great Britain is known to be a prosperous nation of accumulating and accumulated wealth; and yet her imports have exceeded her exports every year for twenty years. The general average of her imports in excess of exports is £50,000,000 or $250,000,000 a year.

"The third objection is that the law produces a great contraction of the currency.

"Now, sir, it ought to be confessed, for it is true, that any plan for specie resumption will, when it is about to take effect, produce some contraction of the paper currency. The drifting process, if it succeeds, must cause it as well. To wait for resumption until resumption will produce no temporary contraction is to wait until the rivers cease to flow, or the mountains are level with the plains. In each of the historical cases I have referred to, resumption was preceded by contraction. Remedies for bodily or political ailments are apt to be unpleasant. All we can say is that public honor and public policy demand the remedy for the dishonor and the evil of a depreciated currency; that the time is ripe for the cure, and the means we have prescribed are suitable to the end.

"And, sir, the degree of contraction and the effects of it are greatly exaggerated. The only contraction of the currency provided for by the Act is in the substitution of one form of currency for another. Thus, in place of the fractional currency is issued silver currency; and where National bank notes are issued, eighty per cent. of the amount in the United States notes is retired. Thus far we have called in no fractional currency; but, as I will show hereafter, we can now and will, if the law stands, issue as much silver currency as any one may wish in exchange for either fractional currency or United States notes; and, as to bank notes, the amount issued since the Act took effect is $13,820,760, and the amount of United States notes retired is $11,056,608, leaving of United States notes still out-

standing $307,943,392, or $14,900,000 more than was outstanding when the Act of March, 1869, was passed, and the same amount more than was outstanding on the fourteenth day of September, 1873, when the panic came. Thus it appears that under the law the amount of bank notes issued is $2,800,000 more than the United States notes retired, and the contraction of the currency prescribed by this law is a myth.

"But there has been a contraction of the currency since the panic, and before and after the passage of the Act of 1875, which will go on whenever in any way a specie standard approaches, and that is by the voluntary retirement by National banks of a portion of their circulating notes. This contraction is not provided for by the Resumption Act, but is authorized by the National banking acts, and is the healthy ebb and flow of currency which it was the object of the law to secure. The National banks retired $24,962,327 of their notes by depositing that amount of United States notes in the Treasury of the United States, to be used exclusively in redeeming their bank notes when presented. The only motive for this deposit was that in the opinion of those banks, the circulating notes could not be profitably used, or they were not strong enough to maintain, at the specie basis, all of their notes. This process will, and ought to go on, until each bank is certain it can maintain resumption at the time stated. Nor is this contraction in the slightest degree injurious to the bank, or to the ability of the bank to loan money to its customers. The banks will not withdraw their notes unless it is to their interest to do so. When they do surrender or redeem them, they at once receive a larger amount of their bonds held as security for their notes, which are worth about 30 per cent. more than the notes redeemed. Thus, when a bank surrenders $9,000 of its circulation, it lifts from the lien of the note-holder $10,000 of the United States bonds, worth to-day about $12,000. If the bank sells the bonds, it has $12,000 of currency to loan, and has strengthened itself by paying $9,000 of its notes. This process, instead of being a cause of alarm, should be encouraged and hastened; and this is practically the only contraction effected by this bill, a contraction which is in the very line clamored for by those who oppose National banks; but still it is a voluntary contraction, made by the silent operation of the interest of the bank, while at the same time it advances the residue of notes to par in gold.

"Sir, in my judgment, the real solution of the problem of specie resumption will thus come through the voluntary act of National banks, each acting for itself, under the general direction of the law, precisely as the Bank of England, the Bank of France, and the New York banks brought about and maintained resumption. I have never regarded with solicitude the amount of United States notes outstanding, for, as I will show, they can be easily maintained at par in gold; but the agency of the banks in securing resumption and the effect of resumption upon their customers were matters of solicitude. This I no longer

doubt or fear. The whole problem consists in a partial and limited transfer of capital now invested by National banks in United States bonds, to individuals. The high price of these bonds and the idle capital that seeks investment in them will enable each bank to strengthen itself by a sale of bonds without in the least impairing its ability to discount or loan, and, in fact, to increase its power to do so; and the bonds will be absorbed by the increasing demand for such securities. Strong banks in cities do not need the currency, for their currency is certified checks. Their currency is largely held by them, and what they have in circulation can be retired and canceled without impairing in the least their ability to loan or discount. The bank currency being thus diminished, as the time for resumption appproaches, the United States notes, supported by a gold reserve and the power of the Secretary to sell bonds, will easily be maintained at the gold standard, and the problem is solved.

"And, sir, this partial contraction of bank currency will unlock and dissipate a greater contraction which has gone on since the panic, and will go on until the public mind rests assured that the day of resumption it not only promised, but rendered certain by the course of events. An increase of currency will follow resumption. Great masses of notes now lie idle in the bank vaults and in the Treasury, and are hoarded in homesteads all over the land. There is deposited in the Treasury, without interest and belonging to banks, $31,005,000, represented by currency certificates. There are now in the vaults of the National banks $73,626,100, in United States notes and fractional currency, $17,166,190 in bank notes, in all $90,792,290; while in the savings banks, State banks, and other banks that have made returns to the Comptroller of the Currency, there is the sum of $48,431,409, making in all $170,228,699; and this is far more than the reserve required by law. The practice of hoarding currency has greatly increased from the day of the panic, and it may be safely said that there is among the people and in savings banks and trust companies not less than $200,000,000 of idle currency. Nothing but the best security will tempt it from its hiding-places; but, when that security is offered, it can be had for a less rate of interest than ever before. Capital met its periodic shock in September, 1873, and great masses of it, some say one thousand millions, vanished as a dream, and those millions are now represented by worthless bonds, bills, notes and certificates of stock, worth but little more than the paper on which they are printed. This panic came upon us when the paper god was lord of the ascendant; when corner lots, at fictitious prices, were the par of exchange; when unproductive railroads were the El Dorados of visionaries; and wild schemes of improvement, both in this city and in all the cities of the Union, increased municipal debts to an unexampled degree. This reckless inflation of

credits collapsed long before this law was passed. Money, the agent of capital — and, when idle, capital itself — was hoarded, and still remains inactive, or is loaned on call or unquestioned security. *This* is the contraction of which so many complain. It is not caused by the Resumption Act, but by a want of confidence in proffered investments. Confidence can not be restored by a repeal or by issuing more paper money. But the occasion offers you an opportunity to withdraw a portion of this idle money, and of thus reaching a specie standard. The banks can freely surrender a portion of their circulation, and thus be strong for resumption; while frightened and timid capital will gladly float into United States bonds when sold by the banks. Nothing is wanting but confidence, faith, and time to secure the closing triumph of our war policy by the redemption of the only promise we then made that has not been honestly redeemed.

"The remaining objection to the law is that it will add to the burden of existing debts. This objection is also inseparable from any plan of resumption. Postponement or repeal will not help the matter. *The time for redemption must come.* Current indebtedness was never less than now. Liquidation has gone on rapidly since the panic, and in many cases by open bankruptcy. Debts contracted since the passage of the Act have been made in view of resumption in 1879. Many of the old debts ran for a long period of years, and when issued were made upon the presumption of specie payments before they matured. Other large masses of debts stipulate for the payment of both principal and interest in coin. Nearly all the best investment securities are now at or near par in gold and are bought and sold at gold values. Current debts in trade will mature and be paid long before the time for resumption; or if they are renewed, the debtor and creditor will adjust the mode of payment. All new transactions are based upon the knowledge that specie payments will come at the time stated, and for that reason stipulation is made for lower rates of interest. When it is once fixed in the public mind that on the first of January, 1879, paper money will be advanced to the specie standard, and debtors can readily borrow money payable in that standard at lower rates of interest, capital will no longer be invested in gold bonds from the fear that if loaned to individuals it will be paid back in depreciated paper, but it will eagerly be invested at low rates of interest, on mortgage or other security, if it is to be paid in improved and improving currency. Industries now languid or suspended will hopefully revive, as stocks are reduced, and productions have a fixed commercial value, not only in home markets but in the markets of the world. Merchants now fear the shrinkage of prices, but their stocks will be renewed at a corresponding reduction until all prices are measured by the gold standard, when they fear no other change of prices except those arising from demand and supply.

Debtors are also generally creditors, and the loss and gain in values will balance each other, and the time is ample in which all losses can be adjusted. Never could our condition be better to resume the specie standard than now, unless we intend to perpetuate the use of depreciated paper money and totally disregard the pledge of the public faith to redeem United States notes in coin.

"There are two objections made to the law which I ought not to pass over without reply. One is that this law forces resumption; and that it is better to drift into resumption. It will come, they say by natural causes. The other objection is that the law has been in force a year and we are no nearer resumption; that it is therefore a dead letter and ought to be repealed. These two objections are not consistent with each other; but each has its believers, and should be answered.

"The drifting process has been tried since 1868. Then the law fixed the volume of United States notes at $356,000,000, and forbade its contraction, and the amount of bank notes at $300,000,000, and forbade its enlargement. It was said we would grow into resumption. This was the plausible dogma with which I was met when I sought the funding of notes into bonds. The result I have already stated. In 1870 the sectional inequality of the distribution of bank currency, inflamed into a passion by the sectional appeals of Horatio Seymour when a candidate for President in 1868, forced the enlargement of the limit of bank notes to $354,000,000; and the vain hope of stopping a panic by paper promises forced the enlargement of the limit of United States notes to $382,000,000. So will it always be with this drifting process. When we reach a specie standard it is safe enough. If National banks then issue more money, upon sufficient security to pay in coin, they do it at their peril; and the people can not lose, nor can their standard of value fluctuate. But even if it was possible to fix the present volume of currency as an arbitrary limit, it would only prolong indefinitely the evils of a depreciated currency. No one believes that we could maintain in circulation near $800,000,000 of paper money all the time at par in gold. It must have the quality of flexibility in amount to meet the currents of trade and business — at times withdrawn, and when needed re-issued, but always of the value of gold — and these qualities can only be secured by prompt redemption when it is not needed, and its re-issue through loans and discounts by banks when the crops are to be moved, or trade becomes active.

"And as to the objection that the law has not already produced more immediate results, I admit that this is an objection to the law, but it was unavoidable under the circumstances. The time for resumption should have been fixed much earlier, so that its effect would have been more rapid. If by the law the banks had been compelled to prepare for resumption sooner, the appreciation of our notes would have been more marked; and its effect would also follow if a portion of the notes could be

funded, or either gold or notes could be held in reserve by the sale of bonds. Who does not wish that our notes were now worth ninety-five instead of eighty-nine cents on the dollar? And yet to have produced that result we must have either hastened the day for resumption or have strengthened the measures for resumption. But what is the remedy for this slow process? Is it to repeal the law, not a single provision of which by its terms has been put in full operation? Is it to revoke our promise and all efforts for its fulfillment? Obviously not; the remedy is to stand by our engagement and perform it *sooner* if circumstances will allow.

"And now, sir, I come to the second proposition stated: Can we resume specie payments on the first day of January, 1879?

"On this proposition we are to consider the question as it affects the National banks, the fractional currency, and the United States notes.

"As to the National banks, I have already stated how redemption with them becomes an easy and natural process, to be performed without injury to them, or to their customers, or to their usefulness, by a transfer or sale of United States bonds especially set aside for that purpose, and only to the extent that each bank may deem essential to its safety. The National banks are now exceptionally strong. Their circulating notes amount to $346,479,756. Of these notes they have in their vaults the sum of $17,166,190. They have with the Treasurer of the United States $356,680,150 in United States bonds, worth $427,947,224 in currency or $374,582,200 in coin. They also hold United States bonds to secure United States deposits $13,981,500, and other United States bonds held in their vaults to the amount of $16,909,550. They have a surplus, over and above the capital fully paid up, of $192,300,000. With the great body of them, the redemption of the whole or a large part of their circulation is a matter of indifference. To the extent of a certain per cent. of their deposits and five per cent. of their circulation they must maintain a reserve of United States notes, and to that extent they will aid the United States in maintaining resumption. The amount of this reserve now required is $80,135,200, but the amount in hand is $118,800,987. As United States notes are equivalent to coin with them, they will seek to hold as much as they can, as other banks in England hold the notes of the Bank of England. Is it not then, apparent that the National banks are able to resume, are prepared to resume, and that resumption by them need not be delayed a single year; and that, so far as their notes are concerned, it is a shame and scandal that they are only worth eighty-nine cents on the dollar — and all because the United States will not advance its notes to par in gold.

"Now, sir, as to the fractional currency. This was issued to take the place of the subsidiary silver coins of the country during the war. The amount outstanding, as shown by the books of the Treasury, is $45,120,132; but of this, many millions have been lost and destroyed; and this is shown by the large amount of the old issues never presented

although long superseded. It is probable that not exceeding $40,000,000 will be presented for redemption. Now, sir, as to this currency, we are able to-day to issue silver coin of legal weight and fineness in exchange, dollar for dollar, for fractional currency, not only without loss, but with an actual profit. One ounce of silver bullion, of four hundred and eighty grains of standard fineness, is worth in the market $1.05 in coin. One dollar of our silver coin contains three hundred and eighty-four grains of standard silver; so that one dollar of silver coin will cost the United States eighty-four and one quarter cents besides the cost of coining. To the extent that our people will take silver coin in exchange for fractional currency, the problem is already solved. It is said this coin will be hoarded. So much the better. We can furnish from our own mines all that is needed, to the extent of fifteen millions on hand and two millions a month more, that being the extent of our coinage facilities. It is said it will be exported. No such good luck will befall us, for silver bullion is cheaper and better for export. If we issue it, we will either redeem a note or save paying out a note, and either way we make a profit. If fifty millions silver coin is held by our people it is to that extent a reserve for specie payments where it is most useful among the people. I wish they would take one hundred millions, but I do not doubt that enough will be taken to redeem all the fractional currency that our people will not prefer to retain.

"And now the only remaining question is: Can we redeem or maintain at par, by the first day of January, 1879, the United States notes?

"The amount of these notes outstanding to-day is $370,943,392, less those lost and destroyed. Now, many who fear resumption suppose the whole mass of United States notes will then be presented for the gold; and they have counted up the number of tons of gold that will be required for their payment. They figure up the interest at five per cent. on the whole sum, and add that to our annual interest account. It is not necessary to reply to such exaggerations; nor can we state with precision, what amount of United States notes would circulate at par in coin. They could then be made receivable for customs dues without a violation of the public faith. They will always be the reserve of National banks. They could then be made receivable for United States bonds. They could be supported by the power to sell bonds to redeem them. They would, as a matter of course, be supported by the whole gold reserve in the Treasury. They would take the place of certificates of deposit, and be used in clearing-house exchanges.

"Now, sir, with all these advantages, with the growing wealth and credit of our country, I do not believe the present volume of United States notes need be largely if any reduced to keep them at par in coin. We have now a gold balance in the Treasury of $37,120,772.73

and a currency balance of $9,529,404 over and above our currency and coin certificates. It is true this balance is subject to the overdue and accruing demands fully stated in a recent letter of the Secretary of the Treasury; but a certain amount of these demands always remains uncalled for, and when presented are met by accruing revenue. Suppose (what I regard as an extreme case) that we add to this reserve $100,000,000, fifty million in coin certificates and fifty million in coin, does anybody doubt but it will be ample to redeem any note that is presented? Confidence being once established in their redemption, who will want the gold for them? They can be and no doubt will be reissued without or with the legal-tender clause, as the law may hereafter provide; and with their credit secured, established at par in coin, they will not only circulate in Texas and on the Pacific slope as well as in other parts of the United States, but, like the Bank of England notes, they will circulate in all countries with which we have commercial relations.

"Let us pursue the argument, taking the full burden of resumption as the interest of one hundred millions per annum. The rate of interest now in currency may be stated at four per cent. or four and a half per cent. in gold. Thus four to four and one-half millions a year, three years hence, is the extreme burden of specie payments. Sir, the sinking fund in three years amounts to more than the one hundred millions you are to keep in reserve. The saving already made thus far by funding the debt into five per cent. bonds is five millions a year. The saving that you will make by the funding into four and one-half per cent. will be seven and one-half millions in gold, or nearly twice as much as is needed. The saving of four millions on the appropriation bills sent to us will cover the cost. It can be paid by a duty of five cents on each gallon of whisky. One-half of the smallest duty ever levied on tea and coffee will do it. One-half of the taxes now levied on National banks by the United States will do it. The increased value of our tax on whisky and tobacco being paid in coin will twice do it. Are we able to do it? Are we able to keep our promises when made specific as to time, place, and manner? I do not care to discuss this question further. Sir, the United States has been blessed by Divine Providence with all the gifts which He has ever showered upon the human race. We have a broad and fruitful land, with almost every variety of climate and production. We have forty millions of free people, industrious, intelligent, brave as becomes men, shrewd and sagacious in trade and production, and loving honor and a good name. To say that we can not redeem our promises is to dishonor the blessings of God; it is to eat of the forbidden fruit when all the productions of nature and art are within our reach; it is to dishonor our name and credit when the world is ready to lend us at a less rate of interest than

that for which any nation of the world except Great Britain has ever borrowed; it is a party retreat; it is a National retreat; it is a retreat of cowardice from a task we promised to perform, that we are able to perform, and which every noble motive that actuates mankind impels us to perform.

"But, it is asked, where is the gold to come from to enable us to resume? Not only is the gold of the world open to our competition, but we are the largest gold and silver producing country of the world. The product of our mines is about one hundred millions a year, and a single year's product would more than enable us to resume. Our facilities for accumulating gold are greater than those of any other nation. 'But the gold is exported.' So it is, because we will not use it as do the other nations. Give it occupation here and it will remain here, and the products of our farms and workshops will be exported instead. It is said we can make a standard of something else that is not exportable. So we can; but it will be by cutting ourselves off from the civilization of the human race.

"Sir, I have been struck by the absolute poverty of invention of those who in our day seek to dispense with the gold standard. Every plan proposed, every idea suggested, is but the repetition of plans and ideas proposed in the American colonies, in Great Britain, in China, and by George Law. Their schemes have been tried and exploded over and over again for four thousand years; and yet gold and silver now measure every article of property, and will measure the daily fluctuations of the contrivances they invent.

"And now, sir, let us turn from the main point, and briefly examine the third question: Are the agencies and measures prescribed by the Act of 1875 sufficient for the purpose?

"I need not remind this Senate and Senators around me how reluctantly I came to the support of this bill, because it does not contain provisions that for years I have struggled to secure. Still, sir, I feel bound to say that it embodies ample agencies and powers to carry it into a full execution, without the addition of a single provision by Congress. The first section of the bill is limited to the redemption of fractional currency. This, as I have shown, can now be fully executed and the only criticism is that it has not been sooner executed. Not only can the notes be redeemed in silver without loss, but the actual cost of coining the silver, strange as it may seem, is less than the printing of the fractional currency.

"The cost of coining subsidiary silver coin is shown by the Director of the Mint to be from one and a half to two per cent.; and it is much less when the mints are running to their full capacity.

"The actual profits of seigniorage will not only pay this cost, but more than the interest on the bonds we may sell to procure the bullion.

"On the other hand, the cost of the fractional currency is three and a half per cent. of the amount issued; or, to be exact, the expense of preparing and redeeming the fractional currency for the year 1875 was $1,410,746.95. The amount issued was $40,365,145. And what is worse, the average life of these notes is less than one year, so that this expense is an annual one almost equal to the interest on the whole sum. Thus the stopping of the issue of fractional currency will save us $1,400,000. The silver coin pays a debt when issued, while the fractional currency only renews it, and it must be replaced by another note within a year. Sir, the wisdom of this provision is now so demonstrated that a committee of the House unanimously refuse to print the currency and demand the issue of the silver coin, while two months ago the scheme was pronounced visionary, impracticable, and a sham. We are now at a specie basis for our fractional currency; and yet when the law was enacted we were told it would be hoarded, bought up by money-changers, or exported. We are now told 'Nobody wants the silver; they prefer the fractional notes.' So it is; and so also it will be when we approach the gold standard. Nobody will want to give up the United States notes for gold when the note will buy fully as much as gold.

"But it is said we can only buy the silver bullion by issuing bonds. That is true now, because our surplus revenue is not large; but how will the United States ever pay its notes at a cheaper rate? One million of dollars of five per cent. bonds will, to-day, buy sufficient silver bullion to make $1,200,000 in subsidiary silver coin. When and how can this operation of paying our debts be better commenced, unless we mean to postpone payment indefinitely? It has been said that the five per cent. bonds authorized have been exhausted? Not so. The law is plain and express, and was designed and intended to authorize the Secretary of the Treasury, not only to use any surplus revenue, but 'to issue, sell, and dispose of, at not less than par in coin, either of the *descriptions* of bonds of the United States described in the Act' for refunding the public debt. The Refunding Act is only referred to for the 'description' of the bonds authorized. But to make this construction more clear, it is provided 'that all provisions of law inconsistent with this act are hereby repealed.' Thus, not only the public faith, but all the surplus revenue and the public credit, as represented by either of three kinds of bonds, to wit, those bearing four, four and a half, and five per cent. interest in gold, is granted to the Secretary to enable him to execute this trust. The only limit in amount is the amount that will enable him to execute the law. The only limit of price at which he can sell the bonds is 'not less than par in coin.'

"The second section is only material as it tends to induce the coining of gold by repealing the mint charge.

"So much of the third section as relates to National banks is not material, except as it provides a way by which circulating notes may be issued; but if issued it will be with full knowledge that in due time they must be redeemed in coin at the pleasure of the holder.

"Then comes the provision — the vital provision — of the law: 'And on and after the first day of January, A. D. 1879, the Secretary of the Treasury shall redeem in coin the United States legal-tender notes then outstanding on their presentation for redemption.' Then follows the ample power already quoted: 'And to enable the Secretary of the Treasury to prepare and provide for the redemption in this Act authorized or required, he is authorized to use any surplus revenue from time to time in the Treasury not otherwise appropriated, and to issue, sell, and dispose of,' at not less than par in coin, either of the bonds already referred to. Such are the duties enjoined, and such are the powers conferred.

"Sir, in this respect, both the powers and duties of this Act are clearer and stronger than in the acts under which Great Britain resumed and France is now resuming. Who can doubt that with or without further legislation the work can be accomplished by a Secretary who will obey and execute the law? The power to 'prepare' for resumption is a broad discretion that commences with the passage of the Act and continues during every hour and day of its existence, but is one to be exercised with exceeding caution and moderation.

"But, sir, this is not all. When Congress passes an act imposing a duty upon a public officer, it implies an obligation that it will furnish all the aid and auxiliary legislation necessary to carry it into execution. The extent and nature of this is within the discretion of Congress; but when the power conferred upon him is ample, and the duty imposed is clear, he must act even though Congress neglect its duty to support him by auxiliary legislation.

"And this brings me to the last proposition I propose to discuss, and that is:—

"What additional legislation ought Congress now to adopt in aid of the law?

"The Secretary of the Treasury recommends, first, that the legal-tender quality of the United States note be taken from it before 1879. I cannot agree to this, for the United States note is as much a contract to pay money as a bond; and we can not take from that note any quality that gives it value, until we are prepared to redeem it in coin. The proposition is too much like the Act of March, 1863, already referred to, which stripped the note of its quality of convertibility into bonds.

"His second recommendation is:—

"'That authority be given for funding legal-tender notes into bonds bearing a low rate of interest. . . . It seems probable that a bond bearing interest at the

rate of four per cent. would invite the funding of a sufficient amount of legal-tender notes to lessen materially the sum of gold which, in the absence of such provision, must be accumulated in the Treasury by the first of January, 1879, to carry out the imperative requirements of the Act of January 14, 1875. If it be apprehended that authority to the Secretary to fund an unlimited amount of notes might lead to too sudden contraction of the currency, Congress could limit the amount to be funded in any given period of time. The process being in no sense compulsory as to the holders of United States notes, and the rate of interest on the bonds being made low, it is not probable that currency which could find profitable employment would be preseuted for redemption in such bonds. Only the excess of notes above the needs of business would seek such conversion. Authority to the Secretary of the Treasury to redeem and cancel two million of legal-tender notes per month by this process would greatly facilitate redemption at the time now fixed by law, and besides would have the advantage of publicity as to the exact amount to be withdrawn in any given month. Bonds issued for this purpose should be of the denomination of fifty and one hundred dollars, and any multiple thereof, in order to meet the convenience of all classes of holders of United States notes.'

"The President in his annual message recommends:—

"'That the Secretary of the Treasury be authorized to redeem, say, not to exceed $2,000,000 monthly of legal-tender notes, by issuing in their stead a long bond bearing interest at the rate of 3.65 per cent. per annum, of denominations ranging from $50 to $1,000 each. This would in time reduce the legal-tender notes to a volume that could be kept afloat without demanding redemption in large sums suddenly.

"'3. That additional power be given to the Secretary of the Treasury to accumulate gold for final redemption, either by increasing revenue, curtailing expenses, or both—it is preferable to do both; and I recommend that reduction of expenditures be made wherever it can be done without impairing Government obligations or crippling the due execution thereof.'

"These recommendations, substantially concurring, are wise, and would be efficient; and to secure them ample means are provided by the application of the sinking fund for two or three years without additional taxation. Indeed it is neither wise or prudent to apply the sinking fund to the purchase of bonds not due, at a high premium, when it may be applied, according to the act creating it, to the purchase of notes already due.

"The honorable Senator from Vermont [Mr. Morrill] has introduced a bill, and a number of other bills and propositions relating to this subject have been referred to the Committee on Finance; and the elaborate resolutions of the Chamber of Commerce of New York are now before us.

"I will not anticipate the provisions of these various propositions, except so far as to say that I will cheerfully support any measure of wise economy, proposed to strengthen the public Treasury; that I will cheerfully vote for a moderate tax on tea and coffee, because this will increase our revenue without adding to the cost of the articles, and will enable us to repeal other taxes that are both a burden and an inconvenience, and will also strengthen the Treasury; that I will gladly vote for the voluntary con-

version of a limited amount of United States notes into bonds, as each of those measures will tend to 'prepare' us for a specie standard. But, sir, each of these measures, and others that may be proper, are not, in my judgment, indispensable to the full and complete execution of the law of 1875 on or before the first day of January, 1879.

"Indeed it may well be questioned whether all of them may not be properly postponed until the next session, when the deliberate judgment of Congress, guided by the sense of the people, can be rendered. I would gladly vote for them now; but we have acted together thus far, and I will not unduly press upon my associates measures they do not fully approve.

"Sir, I have a confident belief that if Congress will now hold fast to the law as it stands, the drift of events and the practical operation of the law will not only vindicate its wisdom, but will secure in due time every proper auxiliary legislation to carry it into full execution. The duty of the hour demands firmness and faith. There are times in the lives of nations and individuals when the temptation is strong to turn from the path of honor, to shrink from and evade the performance of obligation. Then it is more than ever that the old adage should be remembered that 'honesty is the best policy.' For one I feel that my course is as clear as the sunlight of heaven; and I trust that the great party to which I belong may now, as in sterner times and under greater difficulties, stand fast to the National honor pledged by it in the Act of 1875; and when the difficulties inseparable from a great duty have passed away, we will be as proud of our position now, as we are of the firmness and faith with which we prosecuted a great war, and secured to the people of our day and of future generations the blessings of National union and universal liberty."

This speech was most timely. The current of sentiment, which had run so strongly against the Act the year before, had been checked, and the signs of a re action were appearing. The Presidential campaign was close at hand, in which the whole strength of the anti-resumption elements were to be organized, in an appeal to public sentiment, and to the ballot for the overthrow of the law. The approaching contest was to settle whether the policy should go forward to a trial, or be indefinitely postponed. It was a momentous issue. This speech of Senator Sherman's went to the country as an authorized proclamation of the friends of resumption,—it contained a declaration of the true faith. Early in this address he said:—"It is the turning-point in our financial history, which will

greatly affect the life of individuals, and the fate of parties, but more than all the honor and good faith of our country."

The four heads under which he formulated his powerful appeal will show the scope of the speech. These are as follows:—*First;* Ought this promise to be performed? *Second;* Can we perform it? *Third;* Are the agencies and measures, prescribed in the law, sufficient for the purpose? And *fourth;* If not, what additional measures should be enacted?

From 1833 to 1854 an attempt had been made by means of voluntary subscription, and contributions, to build a monument at the Capital to the memory of George Washington. In the latter year the monument had reached about one-third the proposed height, when the project was abandoned from lack of funds and support. In 1876 this conspicuous failure had stood for nearly a quarter of a century, a daily reminder to the public men of the Nation that the most exalted fame would fail of a monument, if its erection was left to voluntary contribution. On the fourth day of July, 1876, Mr. Sherman drew a resolution directing Congress to provide by law for the completion of the monument, by appropriation from the public Treasury. On the fifth of July this resolution passed both Houses, by a unanimous vote, and under its direction subsequent Congresses appropriated the money, and completed the monument. During the last session of the Forty-fourth Congress the Houses were engaged, to the exclusion of almost all other business, in devising and enacting the law, by virtue of which the Presidential contest of that year was determined, and the result legally declared. Mr. Sherman's connection with this legislation will be set forth in another place.

Senator Sherman's legislative career is divided into two parts, or periods by his four years of service in the Treasury Department. The first period ended with his resignation from the Senate at the beginning of the administration of President Hayes, but the important financial legislation, with which he was prominently connected, ended with the close of the first session of the Forty-fourth Congress. It is not

improper, therefore, to stop at the close of this session, to set down the most important results of this first period of his legislative service. Up to this time no man who was then, or had been, in the public service of the country, with the possible exception of Henry Clay, had made so deep an impress upon the legislation of his time as had John Sherman. It must be remembered that at this time the Resumption Act was an experiment,—its success or failure was three years in the future,—but, notwithstanding the fact that the meridian of his fame was to be reached subsequently, with the success of resumption, he was still accorded the leading position among the statesmen of that time. This position he had achieved and occupied by force of intellect and industry. The ruling and irrevocable article of his political creed was the National honor. He taught the people that if the Nation was to have any credit, it must be honest, and if it held the respect of the world, it must deal fairly with its creditors. He set up and maintained the highest standard for the Nation's conduct, and there it remains a monument to his honor. He successfully combated popular financial errors by the conservatism of his beliefs, and by the supreme faith which he manifested in the righteousness of his position. He is entitled to the chief credit for making the United States notes a legal-tender. Secretary Chase came to the support of the legal-tender clause slowly, and with great reluctance, and only when the bill was likely to fail without it, but Senator Sherman saw from the beginning that if the greenbacks were not made a legal-tender, they would fail to relieve the desperate condition of the Treasury. He rendered invaluable service in enacting the laws, under which the vast sums, expended in the Civil War, were raised. Next after Secretary Chase he is entitled to the credit of the enactments which created and perfected the National banking system. He carried through the Senate, against most powerful opposition, the law taxing State bank money out of existence, and thus gave the field to a currency, uniform, stable and secure. He brought financial order and stability to the

Government, after the close of the war. He created the funding scheme, introduced by him in 1867, and which became a law in 1870, and under which a large portion of the war debt was paid, or refunded at lower interest. He was the foremost champion of the Resolution of 1869, to strengthen the public credit. By this Act the general promise of the Nation to redeem the greenbacks, at some time, in coin, was made specific and irrevocable. It was the first step toward resumption, and obligated the Nation to redeem, at the first practical moment. During the panic of 1873, when the demand for more money as a panacea for impending bankruptcy was well-nigh irresistible, he never swerved from his position, that the Nation's feet would never stand upon solid financial ground, nor the permanent prosperity of the people be assured, until specie payments were resumed. He was the author of the Redemption Act, and its most able defender in Congress, and before the people.

## CHAPTER XXXIX.

THE NATIONAL CONVENTION OF 1876.—OHIO PRESENTS GOVERNOR HAYES AS ITS CANDIDATE FOR THE NOMINATION.—OTHER CANDIDATES.—HAYES NOMINATED.—SAMUEL J. TILDEN NOMINATED BY THE DEMOCRATS.—SENATOR SHERMAN'S MARIETTA SPEECH.—THE SILVER QUESTION.—THE ELECTION.—THE RESULT IN DISPUTE.—CONTEST IN LOUISIANA, SOUTH CAROLINA, AND FLORIDA.—REPUBLICAN AND DEMOCRATIC STATESMEN WITNESS THE COUNT.—THE ELECTORAL COMMISSION.—HAYES DECLARED ELECTED.

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SOME months before the Republican National Convention, of 1876, convened at Cincinnati in June of that year, the Republicans of Ohio had decided, with the substantial unanimity, to present Governor R. B. Hayes as their candidate for the Presidential nomination. Governor Hayes was not a man of a striking personality, nor had his achievements in civil or military service been extraordinary, but he had a good military record, a pure character, and a reputation for the most scrupulous fidelity in discharging public duties. He had been three times elected Governor of his State, against the three strongest, and most popular Democrats of the time, viz: Allen G. Thurman in 1867, George H. Pendleton in 1869, and William Allen in 1875. He had served two terms in Congress, as a member of the House of Representatives, being elected the first time while he was with his regiment in the field. He was four times wounded in battle, and breveted Major-General for gallant and distinguished service.

The Convention met on June 14th, 1876. It was the year when the Republican party was to have its first serious battle for power after the war. The National elections of 1868 and

1872, aside from platform declarations, had not involved as contested issues economic and financial questions — they had turned largely upon the attitude of the parties in the Civil War, the military record of Grant, and the unmilitary records of the Democratic candidates. In 1876 the time was approaching when the parties must relegate the question of war and anti-war to a subordinate place, and join issue upon financial and monetary questions. The times demanded a statesman, rather than a soldier.

The Convention organized with Theodore M. Pomeroy, of New York, as temporary chairman. Six prominent candidates were presented for the Presidential nomination. Three of these were National statesmen of the first order. The first one, by far the most popular and the strongest in the affections of the masses, was James G. Blaine, of Maine. The second was Oliver P. Morton, of Indiana, and the third Roscoe Conkling, of New York. Ohio presented Governor Hayes, Kentucky, Benjamin H. Bristow, and Pennsylvania, Governor John F. Hartranft. The feature of the Convention was the marvelously eloquent speech of Colonel Ingersoll, in nominating Blaine. The factionalism, which almost disrupted the Republican party four years later, disturbed the harmony, and finally determined the nomination in this Convention. While General Bristow received more votes than Conkling in every ballot, he was at no time near the nomination. Hayes and Hartranft were favorite sons of their respective States, with but little support or strength outside. On the first ballot Hayes received but seventeen votes, in addition to the solid support of Ohio, and Hartranft did not receive a single vote in addition to the vote of Pennsylvania on this ballot.

The Convention could be roughly divided into three divisions. The first and largest were the Blaine men, the second the "Reformers," and third the Grant men under the cold, but splendid leadership of Senator Conkling. If the Convention had registered the popular will, or spoken the popular language, Blaine would have been nominated. At this time he was a Republican leader, of unsurpassed popularity—

indeed, with the great masses of his party he had no rival. One element of strength he had in a remarkable degree, he was as thoroughly hated by the opposite party, as he was loved by his own followers. Conkling was tremendously admired for his intellectual accomplishments, and for his wonderful powers as an orator, but his cold and imperious nature repelled popular affection and support, and as a result his vote constantly decreased, after the first ballot. Morton fared as badly as Conkling in the Convention. His vote fell off from the first ballot.

There had long existed a personal feud between Blaine and Conkling, the latter's friends seized upon Hayes as the most available candidate, before the Convention, with which to defeat Blaine. On the sixth ballot Blaine's vote ran up to three hundred and eight. At this point the followers of Conkling, and the anti-Blaine men generally, with most of the Morton delegates, formed a combination, and threw their votes to Hayes, which gave him the nomination.

The platform contained the usual felicitation upon the achievements of the party, and the usual promise for good conduct. The resolutions contained nothing distinctly new, except the demand for a radical reform in the Civil Service. The main issues tendered related to the currency—the platform pledged the party to a continuous and steady progress toward the resumption of specie payments. Two weeks after the Republican Convention adjourned, the Democratic Convention met in St. Louis, and nominated Samuel J. Tilden, of New York, for President, and Thomas A. Hendricks, of Indiana, Vice-President.

The platform was an extraordinary piece of political declamation and denunciation. The only live issue tendered was in the demand for the repeal of the Resumption Act, as a hinderance to resumption. For the first time since the war, the Democratic party met in National Convention, entertaining strong hopes of victory. The signs were propitious. The business disorders which set in, in 1873, had not been wholly cured. Factional contests, and personal jealousies, had broken

somewhat the Republican front, and while the Republican party was almost solidly for the resumption of specie payments, there was a contrariety of opinion as to the time, and the means provided in the law. Mr. Tilden had some factional opposition in his own State, but it strengthened, rather than weakened him, and aside from this, he was the almost unanimous chance of the party. He was the most skillful political organizer of his time. He had headed the movement, which had destroyed Tweed, in New York, and he was elected Governor upon an issue of reform. He was easily the strongest candidate the Democratic party could have presented.

The campaign was opened early in August, and from the start the Republicans were somewhat on the defensive. Business conditions were not satisfactory, and, of course, the party in power was held responsible. The Grant administration had developed some official peculation and misconduct, and although the guilty persons had been rigorously prosecuted and convicted of crimes, or driven from office,—yet the party was forced into the attitude of making exculpatory explanation. The road to resumption looked steeper and rougher than it had ever looked before—it seemed easier to issue more money, and thus promptly relieve the immediate necessities of the struggling, and the burden bearers, than to struggle and bear for three years more.

The most notable speech made in opening the campaign for the Republicans, was made by Senator Sherman, at Marietta, Ohio, on the twelfth of August. It was an able and exhaustive exposition of the Republican position, and a complete answer to the charges which had been made against the Republican party. The only portion of this speech, which is of importance now, is the portion of it which referred to the remonetization of the silver dollar. He said:—

"I do not now, fellow citizens, enter fully upon the great question of the restoration of the old silver dollar as the money of account, for it has not yet assumed a party aspect. I have given the subject the most careful consideration, and was the first to propose the re-coining of the

old silver dollar. That it will, and ought to aid us greatly in the problem of specie resumption, I have no doubt. But there are connected with the issue of this dollar questions about which there is, and will be, a wide diversity of opinion — how rapidly it can be coined; how far it shall be made a legal-tender; the purposes to which it shall be applied, whether to the redemption of the greenbacks, or the increase of our currency; whether its effect will be to demonetize gold, and what its true relation to gold is. All these are questions a wise man will consider fully before deciding.

"I was a member of the Conference Committee of the two Houses on the silver bill. I am not at liberty to state what occurred, except as is shown by the action of the two Houses. Both Houses were in favor of issuing the old dollar — the dollar in legal existence since 1792, containing 412½ grains, and only demonetized in 1873, when it was worth two per cent. more than the gold dollar. It was then, and for twenty years, had been issued only for export, and was not in circulation. Still it was a legal standard of value, as well as gold, and always had been, and it was the right of any debtor to pay in silver dollars, as well as gold dollars. It was his legal option. The relative value of the two metals had often varied before, and still the right remained to the debtor to pay in either dollar, and therefore in the cheaper dollar. The mere disuse of the coinage of the silver dollar could not, and ought not, to affect pre-existing contracts. And now, when all our domestic contracts have been based upon depreciated paper money, made a legal-tender for all debts, public and private, except customs duties and interest of the public debt, it would seem not only legal, but right in the broadest sense of the word, that we should avail ourselves of the rapid and remarkable fall of silver bullion, to recoin the old silver coins, including the old silver dollar, the oldest of our coins, and with them pay our depreciated notes, and thus restore the old coin standard. I believe a decided majority of both Houses were in favor of this policy, but its execution is a work of time. There is a limit to our ability to coin silver pieces, and mints cannot be improvised in a year. We therefore provided for all the silver coin that can possibly be coined at the mints of the United States, worked to their utmost capacity, until July, 1878. So far we agreed. And we could have agreed upon recoining the old silver; but whether it ought to be received for customs duties, now payable in gold, or be paid out for interest on the public debt, we could not agree. We concluded, therefore, that as it could not be coined for more than a year, to organize a commission, composed of members of both Houses, and of experts in coinage and exchange, with a view to collect, and report the fullest information possible. Thus the question of the old silver dollar is postponed until next winter, when it may be decided with all the lights that discussion may throw upon it. I know that it can be,

and ought to be, made an instrument of resumption, as well as a vast relief to all our industrial classes. These questions will be decided by the Republican party, as all the great questions of the past sixteen years have been decided, so as to advance the general interests of the people. The Democratic party, as usual, will denounce what we do, then hesitate, then acquiesce, and then approve."

It will be observed that at the very beginning of the reference to the silver dollar, he set certain limitations, or boundaries, to the question of its recoinage, and made the whole depend upon the solution of these preliminary questions. These preliminary questions he stated as follows:—

"How rapidly it can be coined; how far it shall be made a legal-tender; the purpose to which it shall be applied, whether to the redemption of the greenbacks, or the increase of our currency; whether its effect will be to demonetize gold, and what its true relation to gold is. All these are questions a wise man will consider before deciding."

At this time, although the annual production of silver had increased, it had not increased to such an extent as to greatly decrease its value. When this speech was made, the commercial ratio was about 17.88 of silver to one of gold. The real solution of the silver problem was still far in the future. The divergence between gold and silver, at the fixed ratio, was, at this time, not so great but that it might well be believed that the silver dollar, under certain conditions, and with certain limitations, could be made a valuable aid in the process of resumption, and so Mr. Sherman suggested. There is no question, but that under the conditions then existing, the silver dollar, if wisely limited in amount and legal-tender quality, could have been coined and exchanged for legal-tender notes, to a considerable amount, without danger to the established standard. There is nowhere in the speech the slightest foundation for the charge that at the time Senator Sherman was in favor of the unlimited coinage of the standard silver dollar, and with it to redeem the greenbacks, or make it an unlimited tender for debt. He was then but a few days from the silver debate in Congress, in which he

had defined his position with more exactitude than would be expected in a popular speech. On April the 11th, he had said in a Senate Speech:—

"The general monetization of the silver now, when it is unnaturally depreciated, would be to invite to one country, in exchange for gold or bonds, all the silver of Europe, and at last it would leave us with a depreciated currency."

On the sixth day of June he said in the Senate:—

"The two main questions are: *First*, Shall silver coin be exchanged for United States notes, as well as for fractional currency? and *Second*, Is it wise to recoin this old silver dollar with a view to exchange it for United States notes? The bill reported embodies both propositions. It is purely a voluntary process. No one need surrender his notes for coin, unless he wishes to do so."

Senator Sherman, in this debate, in the first session of the Forty-fourth Congress, further defined his position in respect to the recoinage of the standard silver dollar. In the first place he said the silver must be purchased by the Government, and upon Government account, and the amount of coinage carefully limited. In summing up the whole matter he said:—

"We propose to retain, as now, the ultimate unit of gold, in connection with a subsidiary silver coinage, including the silver dollar; to limit the legal-tender quality of such subsidiary coinage; and to provide that the amount to be issued shall not exceed that of the sinking fund."

The dollar advocated by him was to be a subsidiary coin, a dollar of standard weight and fineness, but limited in amount, limited in legal-tender quality, coined on Government account, and exchanged for coin obligations, or notes, at the will of the owner of the obligations or notes.

The principal issue of this year made Senator Sherman a most conspicious figure in the campaign. As the author of

the Resumption Act he was in demand everywhere, to defend it against the assaults of the Democratic orators. He spoke about every day during the canvass, and in five or six different States. The first news, of the election, indicated the election of Tilden. In fact his election was conceded by the great mass of Republicans, who waited the returns on election night. He had carried New York, New Jersey, Connecticut, and Indiana beyond question — these, with the solid South, gave him an unquestioned majority in the Electoral College. Thus it rested until morning, but during the night Senator Chandler, the Chairman of the Republican Committee, had received information that led him to believe that Hayes had carried Louisiana, South Carolina, and Florida, and he somewhat startled the country, in the early morning, by announcing that Hayes had received one hundred and eighty-five electoral votes, and was elected. This created an intensely interesting situation. The Chairman's claim of one hundred and eighty-five votes only gave Hayes one majority, including the three controverted southern States. Immediately President Grant requested a number of prominent Republican statesmen to repair to these States, and witness the count of votes, which was to be made by returning boards. The Democratic National Committee accredited a number of Democratic statesmen to the same duty. President Grant telegraphed direct to Senator Sherman, requesting him to go to Louisiana to witness the canvass of the vote of that State. These gentlemen, for want of a better name to describe their anomalous position, were called the Republican and Democratic visitors. Upon the arrival of Mr. Sherman in New Orleans, he was made chairman of the Republican visitors. An agreement was soon entered into, between the visiting statesman on the one part, and the State Returning Board on the other, that a certain number of the visitors, representing each party, should attend the sessions of the Board, and witness the count and proceedings. The count of the vote of Louisiana proceeded in orderly manner, without interference on the part of the visitors, and the result showed a majority

for Hayes. The same result was arrived at in Florida, and South Carolina. This confirmed the claim of Senator Chandler, and, on the face of the returns, elected Hayes. More than a year after, Senator Sherman was charged with having exerted unlawful influence over the Returning Board, to the end that it declare the State carried for the Republican electors. A letter was produced, signed with his name, wherein Weber and Anderson, members of the Board, were promised positions, and an opportunity to leave the State. The letter was denounced by the Senator as a forgery, and afterwards proved a forgery. A committee of disappointed politicians, afterwards, sought far and wide to discover something in Mr. Sherman's connection with the Louisiana Returning Board, which would reflect upon him and his party, but the testimony failed utterly to fasten upon him, or his colleagues, any wrong.

Both parties continued to claim the election, notwithstanding the votes of the southern States were certified for Hayes. This devolved a most important duty upon Congress, in the counting of the electoral votes. In 1865, both Houses had adopted a joint resolution to govern the count of that year. This rule necessarily expired, or was exhausted, in the Congress, or by the passing of the occasion which created it, but by reason of its peculiar terms the Democrats seized upon it as a means to secure a declaration of the election of Tilden. There being no contest in the counting of the electoral votes, in 1868 and 1872, this rule by common consent, or rather in the absence of any objections, was allowed to govern the formal declaration of the result. This rule provided that, "No electoral vote, objected to, shall be counted, except by the concurrent vote of the two Houses." Many Republicans held that the two Houses were merely witnesses, or spectators, at the counting of the electoral votes, and that the Vice-President, under the Constitution, had the sole power of counting the votes, and in declaring the result. The Constitution left the the matter in doubt. It provides: "The President of the Senate shall, in the presence of the Senate and House of Repre-

sentatives, open all the certificates, and the votes shall then be counted."

But Congress, appreciating the extreme danger of the complication, early in December appointed a committee of the two Houses, to act conjointly with direction to devise, and report some measure constitutional or legislative, whereby the dispute might be settled. This committee, on the eighth of January, (1877), reported the Electoral Commission Bill. This legislation contained three main provisions: *First,* That no vote, or votes, of any State from which but one return has been received, should be questioned or rejected, except by the affirmative vote of the two Houses. *Second,* That where there were two or more returns from any State the question as to which should be counted should be referred to the Electoral Commission, to be composed of five Justices of the Supreme Court, five Senators, and five members of the House of Representatives, and *Third,* That when the Commission decided in favor of a return, it should be counted, unless rejected by the concurrent votes of the Houses.

Mr. Sherman did not support the Electoral Commission Bill, and voted against it, because he, with others of his party colleagues, believed that it was a remedy contrary to the provisions of the Constitution. Governor Hayes was strongly of the opinion that the Vice-President alone had the constitutional power to count the votes, and declare the result. The Democrats generally favored the bill, and largely because they believed that Mr. Justice David Davis would be the fifth member of the Justices complement of members. A few days before the fifth member from the Supreme Court was selected, Justice Davis was elected Senator from Illinois. His election to a political office, as the representative of a political party, made his selection as a member of this Commission manifestly inappropriate, and, as a result, Justice Bradley was chosen. During the consideration of the Electoral Bill, it was tacitly understood that the Senate, being Republican, would select as members of the Commission three Republicans and two Democrats, and that the House, being Demo-

cratic, would select three Democrats and two Republicans. The bill provided that the Justices of the First, Third, Eighth and Ninth Circuits should be members of the Commission, and these should select a fifth member from the Justices of the Supreme Court. Two of the four Justices thus designated were Republicans, and two Democrats. The fifth Justice held the balance of power in the Commission, and he was a Republican. It was not expected that this extraordinary tribunal would decide with the precision, and equipoise of a court — that the political principles of the members of the Commission would influence, to some extent, the decision, must have been understood also, else such care would not have been exercised in endeavoring to balance the tribunal politically, at least as nearly as a membership of fifteen would permit.

The Commission organized on the thirty-first day of January, (1877), and immediately began the consideration of the Florida case. By a decision of eight to seven the Hayes electors were held to have been elected. The same decision was rendered in the Louisiana and South Carolina cases. The electoral votes of each of the three disputed States were certified by a majority of the Commission to Congress, as having been legally cast for Hayes and Wheeler. The House voted against confirming the decision, and the Senate in favor of confirming it. Under the rule that no vote could be excluded without the concurring votes of the two Houses, the President of the Senate declared the result. It is quite certain that the framers of the Constitution supposed that they were providing the means and machinery within the Constitution itself to count the electoral votes, and declare the result — in this view the Electoral Law was extra constitutional. But by the device a great danger was avoided, and no serious injury to the Constitution ensued. The members of the Commission, when their work was done, resolved themselves back into the elements from which they came, no worse for having exercised an extraordinary power in an emergency of extraordinary danger.

## CHAPTER XL.

PRESIDENT-ELECT HAYES TENDERS TREASURY PORTFOLIO TO SENATOR SHERMAN.—THE SENATOR DISINCLINED TO ACCEPT.—HAYES' LETTER FORMALLY TENDERING APPOINTMENT.—SHERMAN FINALLY ACCEPTS.—THE FINANCIAL POLICY OF THE ADMINISTRATION.—SHERMAN BECOMES SECRETARY OF THE TREASURY.—THE FIRST SYNDICATE CONTRACT FOR SALE OF BONDS.—THE SILVER QUESTION.—PROPOSAL TO PAY BONDS IN SILVER DOLLARS.—THE EXECUTION OF THE RESUMPTION ACT.—THE SECRETARY'S MANSFIELD SPEECH.

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FROM the time Governor Hayes was nominated for President it was his purpose, in case he was elected, to proffer Senator Sherman the Treasury portfolio. Soon after the election he made known this purpose to the Senator. Mr. Sherman, while he appreciated the opportunity which the position would afford him to consummate the great work of resumption, was disinclined at first to seriously consider the proffer. He had yet nearly three years to serve in the Senate, and was certain of reëlection in case his party controlled the legislature. His duties in the Senate admitted of some respite from official toil, and were more congenial to his taste than the more burdensome and exacting duties of an executive office.

The proceedings attending the contest did not terminate before the Electoral Commission, and in Congress, until March 2nd, (1877), but after the composition of the Commission was known, and especially after the decision of the Florida case, it was quite evident that Hayes would be declared elected. On the nineteenth of February President-elect Hayes wrote Senator Sherman the following letter:—

COLUMBUS, OHIO, February 19th, 1877.

*My Dear Sir*:—

The more I think of it the more difficult it seems for me to get ready to come to Washington before Wednesday or Thursday of next week. I must fix affairs at Fremont, and cannot begin it until I know the result. Why can't friends be sent, or come here?

It seems to me proper now to say that I am extremely desirous that you should take the Treasury Department. Aside from my own personal preference, there are many and controlling reasons why I should ask you this. It will satisfy friends here in Ohio. I understand Governor Morton, and our friends at Washington like it. The country will approve it. You are by all odds the best-fitted for it of any man in the Nation. Your resignation from the Senate will be a great loss to that body, but it will cause no serious dissentions, or difficulty in Ohio. Do not say no, until I have a full conference with you. There is no reason why you should not visit Ohio, as soon as you can be spared from Washington. Of course the public will know of our meeting. But they will be gratified to know it. No possible harm can come of it. I should have said all of this before, but did not want to embarrass you in your action on the Presidential question. Sincerely,

HON. JOHN SHERMAN. R. B. HAYES.

After the receipt of this letter Mr. Sherman went to Columbus, and had a conference with the President-elect. The opinions of his political friends were almost unanimous that he should accept. The problem of the resumption of specie payments was now a matter for executive solution, and with the author of the law in the Treasury Department to execute it, success would be assured. It was an opportunity that had not been given to another statesman in the history of the country, viz; to carry through Congress the enactment of a great law, and then be appointed the Executive to execute the law. It was wholly against his personal inclination that Mr. Sherman accepted this appointment, tendered by President Hayes, and it was accepted as a matter of duty. The acceptance involved many sacrifices. His Senatorial duties afforded opportunity for rest and recreation, which would be denied him as the head of the Treasury Department. Between Congresses he was in the habit of spending some months each summer at his home at Mansfield, in rest, and

in association with his friends and neighbors in Ohio. This pleasure would be largely denied him, if he accepted the Secretaryship. While he had executive ability of the highest order, his training had been in the Legislative Department of the Government, and he was naturally disinclined to surrender the leadership of the Senate to assume the untried and exacting duties of an executive office, and at the time when the success or failure of the administration would depend largely upon the success of the department, over which he was called to preside. Two considerations prevailed upon him to accept, first his intense desire for, and his supreme faith in, the ability of the Government to resume specie payments at the appointed time, and second, his personal friendship for President Hayes. After the Ohio Gubernatorial campaign, of 1875, Senator Sherman had a great admiration for Hayes. He admired his courage in standing unqualifiedly for the Resumption Act, at a time when the current of public sentiment seemed to be running strongly the other way, and when he might have seemingly prospered his candidacy for Governor by assuming an attitude less firm and pronounced. As they had fought the first battle for resumption, it was meet that they should fight the last one for it together.

President Hayes was inaugurated on the fifth day of March, 1877,—the fourth that year falling on Sunday. The selection of his cabinet furnished a pretty accurate forecast of the policy of the administration. The designation of Mr. Sherman, for the Treasury, was an emphatic declaration that the Resumption Act was to be executed. The selection of Senator D. M. Key, of Tennessee, a Democrat, as Postmaster-General, was correctly construed to mean that the policy of the administration toward the South was to be conciliatory. The appointment of Carl Schurz, as Secretary of the Interior, gave notice that the politics of the administration would be liberal, if not pacific, and in this regard the policy was considered a departure from, if not a rebuke, to the stalwartism of the Grant administration. The other members of the Cabinet were able men, and well suited to the

positions to which they were called. The appointment of Mr. Evarts, as Secretary of the State, gave universal satisfaction. He was eminently qualified by education, training and habit for the duties of the State Department.

When Mr. Sherman entered the Treasury Department, as its Secretary, he lacked a month and a few days of being fifty-four years of age. He was in the prime of a vigorous mental and physical manhood. No man in the history of the great office had taken it so well equipped for the discharge of its duties, or with such opportunity for distinguished service as he. His predecessors, from McCullough to Morrill, had been able men, but owing to their length of service, or disposition, or legislative interference, no continuous or persistent policy in regard to the two great financial measures of the time, viz: resumption and the funding of the debt, had been pursued. The two great tasks, which confronted the new Secretary, were refunding of the public debt at a lower rate of interest, and the resumption of specie payments, according to the terms of the law. With the existing law upon both these subjects he was perfectly familiar, as well as with the laws governing the organization, and the powers of the Treasury Department. The President, knowing Mr. Sherman's superior qualifications, left him free and untrammeled to adopt such policy, and to execute it in such manner, as to him seemed best, under the laws and regulations of the Department.

On the twenty-fourth day of August, 1876, Lot M. Morrill, the Secretary of the Treasury, had entered into a contract with an association of bankers of London and New York, for the sale of $300,000,000 of the four and one-half per cent. bonds, authorized by the Acts of 1870 and 1871—$40,000,000 of these bonds were to be taken on or before March 4th, and the remaining $260,000,000 upon the same terms, at such times as the purchasers might elect, subsequent to the fourth of March, 1877. The contract contained a provision that the Government might, at any time after March 4th, 1877, end the contract by giving ten days' notice to the purchasers. The

bonds, by the terms of the contract, were to be sold at par, with accrued interest, to the date of application, and to be paid for in gold coin, or matured United States gold coin coupons, or any of the six per cent. five-twenty bonds called for redemption, or in United States gold certificates of deposit, issued under the Act of March 3rd, 1863. The associated bankers were to receive a commission of one-half of one per cent. in coin, for negotiating the sales of the bonds.

When this contract was entered into, the Resumption Act had been in the statute books for more than a year-and-a-half, and yet it contained no provision for any portion of the proceeds of these bonds to be applied for resumption purposes. On the contrary it provided that, as the bonds were sold, an equivalent amount of the six per cent. five-twenty bonds should be called — thus pledging the faith of the Government to use the entire proceeds in refunding operations. This contract was fair and reasonable, in its main provisions, but it fell short, perhaps, in not requiring some portion of the proceeds of the bonds to be set aside, as a coin fund, for the redemption of the United States notes. At least Mr. Sherman, very soon after taking his office, determined that the accumulation of the redemption fund should begin at the first practical moment. With this in view, on April 6th, 1877, he directed a letter to the association of bankers, in which he notified them that at an early day he expected to give the notice, and withdraw the four and one-half per cent. bonds, and substitute in their stead the four per cent. bonds, provided for in the Refunding Act. He recommended the four per cents. as a very desirable investment, and invited the association to engage to place them on the market. He also suggested to them his purpose to sell, of the refunding bonds, $30,000,000 a year for gold, the proceeds to be used in preparing for resumption. Thus we see that within a month of the time Secretary Sherman assumed the duty of executing the financial laws of the United States, he was vigorously pushing forward the two great financial policies of the time — the refunding of the debt at a lower rate of

interest, and preparing for resumption. Within a short time after this he ended the Morrill contract, and on the ninth day of June, (1877), he entered into a new contract with the same association of bankers of London and New York. The contract provided for the sale of $25,000,000 of the four per cents., $5,000,000 of the proceeds to be used for the redemption fund, and $20,000,000 to be used in paying an equivalent amount of six per cent. five-twenty bonds. This was the first executive step toward resumption.

Secretary Sherman prepared the way for another thing, which was greatly to his credit. The Morrill contract gave the associated bankers absolute control of the bonds purchased — any increase in price enured to their profit. The Secretary desired that the public should have an opportunity to purchase these bonds, and participate in whatever profits there might be in the increase of price, and so he added a section, the eighth — wherein it was provided that these bankers should offer the bonds at par to the people of the United States, for a period of thirty days, and that subscriptions might be paid in installments, extending through three months. And thus did Secretary Sherman take the first step toward popularizing the public bonds of the United States, and give the people the first opportunity to buy them, through subscriptions, under regulations provided by the Treasury Department. At this time the Secretary believed that very soon he could sell the bonds directly to the people, and without the intervention of a syndicate, and his purpose in introducing the eighth section was in the nature of an experiment, to determine how far the public would or could purchase bonds, and pay for them in coin. The necessity of a syndicate, or association, at the time was that it was only through some such instrumentality as this that the gold coin could be commanded in the large sums, required by the Treasury operations.

It was the purpose of the Secretary to continue the sale of the four and one-half per cents. under the first syndicate contract, until about July first — when it was supposed the aggregate of sales would reach two hundred millions. The

Secretary also designed to reserve a hundred million of the four and one-half per cents., so that if, for any reason, the four per cents. would not sell, he would have at his command a more desirable bond to the amount of a hundred million, with which to provide gold for resumption purposes. The second contract provided that not more than $5,000,000 a month of the proceeds of the bonds should be set aside for the redemption fund, and the balance used to pay called five-twenty bonds. When it became known that a contract had been made, whereby a large amount of the four per cent. bonds had been sold, it greatly stimulated the public credit. This was apparent from the numerous inquiries which came to the Treasury Department, as to the form of the popular subscription, and from offers from bankers and others to act as Government agents in taking the subscriptions. There were only $15,000,000 of the four and one-half per cent. bonds sold by Secretary Sherman for resumption purposes, up to the making of the last syndicate contract, and these were sold in the months of May, June, and July, $5,000,000 in each month. Besides the proceeds of the bonds, there was a considerable surplus revenue, the balance of which, after the redemption of United States notes, was turned into the resumption reserve fund.

On the sixteenth day of June, (1877), the syndicate gave public notice, by circular and otherwise, that from that day until July 16th it would receive subscriptions for the four per cent. bonds. The amount of bonds subscribed for, within the thirty days, was an unequivocal attestation of the wisdom of the popular subscription plan. The bankers, forecasting the market, as best they could, had concluded that it was not safe to obligate themselves to take more than $25,000,000, up to the last of August, and the contract so provided. When the subscription closed at three P. M. July 16th, there had been subscribed $77,800,000—$67,600,000 in this country, and $10,200,000 abroad. The judgment of the syndicate was that $25,000,000 might be sold in two months,

the people subscribed for more than three times that amount in thirty days.

It was in June, (1877), and arising out of the making of this syndicate contract, that it was first suggested that the old silver dollar might be remonetized, and used to pay the four per cent. bonds. Under date of June 12th, the New York "Times," a Republican paper, suggested the possibility that the silver might secure an unlimited issue of silver dollars of unlimited legal-tender quality, and that in such an event the bonds would be payable in that coin. From this it became a subject of current discussion in political and financial circles. Members of the syndicate, here and abroad, became alarmed, and immediately requested the Secretary of the Treasury to render innocuous such reports by an official announcement that the bonds would be paid in gold. Secretary Sherman was urged to do as Secretary Chase had done in declaring, over his official signature, that the five-twenty bonds were payable, principal and interest, in gold coin and not in greenbacks. After careful consideration, the Secretary, on the sixteenth day of June, wrote the following letter to Hon. August Belmont:—

TREASURY DEPARTMENT,
WASHINGTON, June 16, 1877.

*Dear Sir:—*

Your private note, the letter from your firm, Messrs. Seligman & Co., asking me to make a public statement, over my own signature, similar to that of Mr. French, are received. I have given to this most important suggestion the most serious consideration, but have come to the firm conviction, that such an act on my part would be expedient, and defeat the very object you have in view. As a purely executive officer, I have no power to pass upon the question mooted. My attempt to do so would at once unite all those who are seized with the mania, and those who oppose executive encroachment upon legislative power. It would create excitement, personal and political animosities would mingle with it, and it would lend more than anything else to defeat the success of the loan. I am quite sure that this would be the result.

As to whether Congress, or the people, would ever undertake to pay either principal or interest of the bonded debt, and especially the bonds

since 1873, in silver, I have a firm conviction that the question will never be seriously raised. These bonds will be paid, principal and interest, in gold coin. The people of the United States have always been extremely sensitive as to the public credit. They never have, for the sake of an apparent profit, yielded any question involving the public honor.

The great satisfaction that will arise from the funding of the loan at a lower rate of interest, together with their strong sense of public honor, and public faith, will always secure the payment of these, principal and interest, in coin.

Parties or factions may, for a time, raise and contest questions, but they are but bubbles, and will pass away, and, like all other questions, involving the public credit, will be rightfully settled in due time by Congress and the people.

Nothing would so tend to disturb the result as unauthorized "theses," or dogmas, by an executive officer, upon a question purely legislative or judicial. Indeed, it may be that too much has already been said about the matter, by both the President and myself, and I assure you that you will have no occasion to be disturbed by anything truthfully reported of either of us hereafter. The better way is to move right along, making our own statements, and, if at anytime, I see proper occasion for a strong expression of my opinion, I will give it.

Please show this to Mr. Seligman, and such of your associates as you deem proper, as an answer to all.

Very truly yours, JOHN SHERMAN.

HON. AUGUST BELMONT, New York.

A fews days later, under date of June 19th, the Secretary wrote an official letter to Francis O. French, of New York, in which he expressed the opinion that there would be no payment of the bonds about to be sold, except it be in coin, of the value of the coin authorized by law at the time the bonds were authorized. This meant that they would be paid in gold, or at least that it would be breach of faith to pay them in some inferior coin. With these assurances, the popular subscriptions for the four per cents. went on unchecked. But after the expiration of the thirty days, and later in the summer, a series of untoward events almost completely stopped the sale of bonds for a time. Late in July business and transportation were seriously disturbed by the labor strikes and

riots, in various places in the country, and the riots reached such magnitude as to alarm the people of foreign countries as to the safety of our Government. On the fifth of May, the President had issued a proclamation calling Congress to assemble in extra session on the fifteenth of October. This, in connection with an apparently increasing demand for the remonetization of the silver dollar with unlimited legal-tender quality, was very disquieting to the money market. Both the Republican and the Democratic parties, of Ohio, had declared in favor of the remonetization of silver, and that it be made a legal-tender for all debts. On the fifth of November, during the extra session, the House of Representatives passed a bill, by a vote of 163 ayes to 34 noes, for the free coinage of the silver dollar of 412½ grains, and making it a legal-tender for all debts, public and private. While this bill was pending in the Senate, Senator Matthews, of Ohio, introduced the following resolution, and it was passed, by a vote of 43 ayes to 22 noes, viz: "All bonds of the United States are payable in silver dollars of 412½ grains, so that, to restore such dollars as a full legal-tender for that purpose, is not in violation of public faith, or the rights of the creditor." This resolution went to the House, and was passed, by a vote of 189 ayes to 79 noes. As was said by Senator Morrill, of Vermont, this resolution was "a fearful assault upon the public credit." There was then about eight cents difference between the value of the gold dollar and the silver dollar. The silver dollar was less valuable than the greenback dollar. Of course Senator Matthews did not propose to scale the public debt eight per cent.; his belief was that, by the remonetization of silver, it would be raised in value to equal the gold dollar, but the opinions of the men who controlled the money, and the sale of bonds, did not agree with him, and the result was that the people, able to buy large amounts of bonds, were unwilling to buy in the midst of such doubt and uncertainty.

When the Matthews resolution was pending in the Senate, Senator Conkling, who had by this time become somewhat

displeased with the policy of President Hayes, proposed an amendment, the effect of which would have been to turn the resolution into a joint-resolution. His purpose was to put the President upon record, and require him to either approve or veto the resolution. The reasons which impelled the Ohio Senator to introduce this resolution have never been made quite clear. It directly antagonized the well-known views of the President, and Secretary Sherman. The Secretary had favored the remonetization of the silver dollar, under conditions and limitations which would have deprived it of any power to do harm — he had proposed its remonetization as a subsidiary coin, limited in quantity and legal-tender quality, but he had never gone beyond this, in any action or word of his official life. The first annual message of the President was read in the respective House of Congress, on the third day of December, (1877). It discussed the proposition to pay the bonds in silver, and said that even if the Government had the undoubted right to do so, the little benefit from that process would be greatly overbalanced by the injurious effect of such payments, if made as proposed against the honest convictions of the public creditors. Secretary Sherman's annual report assumed as improbable "that any future legislation of Congress, or any action of any Department of the Government, will sanction or tolerate the redemption of the principal of these bonds, or the payments of the interest thereon, in coin of less value than the coin authorized by the law, at the time of their issue — being gold coin." But notwithstanding this emphatic declaration from the President, and his financial minister, that the Nation's honor required the payments of its obligations in coin of full value, Congress proceeded to declare that they could be paid in depreciated coin — a coin of at least eight per cent. less value than gold, which was the only coin existing when the obligations were authorized. This situation, so full of menace to the public credit, naturally and necessarily for the time being, stopped all sale of bonds. It threatened to suspend

all refunding operations, and endangered the successful execution of the Resumption Act. It was one of those crises which require a little time, and the sober second thought to pass in safety.

This danger to the execution of the Resumption Act was the most serious. The manner in which the administration had determined to execute this Act had been clearly and fully announced. The law required the volume of the United States notes to be reduced to $300,000,000, but left undetermined what disposition should be made of the $300,000,000, as they were from time to time redeemed, and in the Treasury. This had been fully supplied, however, by executive construction, or by the announcement of an executive policy. Early in August, 1877, Secretary Sherman visited his home in Mansfield, for a brief vacation. While there a public meeting was called to give the Secretary an opportunity to annonnce the attitude and policy of the administration, in respect to certain grave questions which were then confronting it, and chief among these was the question of the execution of the Resumption Act. An immense concourse of people greeted Secretary Sherman at this meeting. The note asking him to speak, invited an expression of his views upon current public questions. The meeting was in no sense a political one, and yet it afforded a fitting and proper opportunity to discuss questions of a public, or political character. In this address Secretary Sherman defined, with great clearness, what he understood the resumption of specie payments to mean, and inferentially what would be done by him in executing the law. In referring to specie payments, he said:—

"What do we mean by this phrase? Is it, that we are to have no paper money in circulation? If so, I am as much opposed to it as any of you. Is it that we are to retire our greenback circulation? If so, I am opposed to it, and have often so said. What I mean by specie payments is simply that paper money ought to be made equal to coin, so that when you receive it, it will buy as much beef, corn or clothing as coin."

This simply meant that when the $300,000,000 of greenbacks, or any part thereof, were redeemed, that they would be re-issued, and kept in circulation as money. It was the policy of the Secretary to accumulate in the Treasury a gold redemption fund, sufficiently large to insure the redemption of all the greenbacks, which might be presented at, and after, the time appointed. The law did not fix the amount of this gold redemption fund, this was left to the discretion of the Secretary of the Treasury. Aside from the surplus revenue there was no other way to accumulate the fund except by the sale of bonds for gold. The proposition to pay the bonds, in silver, struck at the very root of resumption.

## CHAPTER XLI.

The Fall Elections (1877), in Ohio Result in Democratic Victory.— Construed as a Disapproval of the Policies of the Administration.— Secretary Sherman Condemns Proposal to Modify Resumption Act to Catch Votes.— His Annual Report (1877).— His Attitude on the Silver Question.— The Bland Free Coinage Bill.— The Bland-Allison Bill.— The President's Veto.— Passed Over Veto.— The Letter of Senator Sherman to Dr. Mann.— Explanation.— The Failure to Sell Bonds By Popular Subscriptions.— The Syndicate Contract For Sale of $50,000,000 of Four and One-half Per Cent. Bonds.— Renders Success of Resumption Certain.— Act Forbidding the Further Retirement of Greenbacks.— Its Effect.

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The October (1877), elections in Ohio had gone against the Republicans by a large majority. In many quarters this was construed to be a disapproval of the resumption policy — it certainly strengthened the demand for remonetization of the silver dollar, and weakened the position of those who were struggling toward a specie basis. Some Republicans were in favor of suspending resumption operations, if it would insure party success, and in answer to some suggestion of this kind Mr. Sherman wrote:—

"As to the resumption policy, the law is plain and mandatory, but more than that all the law is right, and the Republican party might as well understand first as last, that the question of resumption is one higher than any party obligations, and will be pursued by our adversaries, if we do not. We can gain the credit of success, but we can gain no credit by retreating, on this vital question. While the law stands, nothing is left but to execute it, and for one I never would aid to alter the law, except to make it more effective, and would be willing to retire on this question rather than to surrender."

The House, at the extra session of Congress, had passed a bill repealing the Resumption Act. This bill and the Bland Free Coinage Bill, which had also passed the House, were pending in the Senate. Notwithstanding this action of Congress, and the general increase of public sentiment for the free coinage of silver, the United States notes steadily increased in value — at the assembling of Congress in December (1877), the greenback dollar was worth ninety-seven and three-eighths cents in gold.

The annual report of Secretary Sherman, sent to Congress December 3rd, 1877, was an able resume of the financial conditions. It showed what progress had been made in the funding operations, and what preparation had been made for resumption. At this time, there was no apparent danger that the Resumption Act would be repealed — if the repealing bill should pass the Senate it would meet the veto of the President. But the danger from the silver legislation pending was imminent, and the Secretary used every argument, that would likely influence Congress, to stop short of the free coinage of silver. The sentiment, for the remonetization of the silver dollar, was so strong that it was next to useless to oppose it, the far better course, under the circumstances, was to secure safeguards and limitations in the legislation, which would reduce the danger to a minimum. This was the course pursued by Secretary Sherman, in this report. He recommended the re-coinage of the silver dollar, but only in case such legislation was adopted as would maintain its current value at par with gold. He then pointed out the dangers of the free coinage of silver, and the difficulty which had been experienced in attempts to maintain a bimetallic system of gold and silver. The following is the portion of his report, which relates to the silver question, as it was then presented:—

"Of the metals, silver is of most general use for coinage. It is a part of every system of coinage, even in countries where gold is the sole legal standard. It best measures the common wants of life, but,

from its weight and bulk, is not a convenient medium in the larger exchanges of commerce. Its production is reasonably steady in amount. The relative market value of silver and gold is far more stable than that of any other two commodities; still, it does vary. It is not in the power of human law to prevent the variation. This inherent difficulty has compelled all nations to adopt one or the other, as the sole standard of value, or to authorize an alternative standard of either, or to coin both metals at an arbitrary standard, and to maintain one at par with the other, by limiting its amount, and legal-tender quality, and receiving or redeeming it at par with the other.

"It has been the careful study of statesmen for many years to secure a bimetallic currency, not subject to the changes of market value, and so adjusted that both kinds can be kept in circulation together, not alternating with each other. The growing tendency has been to adopt for the coins the principle of "redeemability," applied to different forms of paper money. By limiting tokens, silver and paper money, to the amount needed for business, and promptly receiving or redeeming all that may, at any time, be in excess, all these forms of money can be kept in circulation, in large amounts at par with gold. In this way tokens of inferior intrinsic value are readily circulated, but do not depreciate below the paper money, into which they are convertible. The fractional silver coin now in circulation, though the silver, of which it is composed, is of less market value than the paper money, passes readily among all classes of people, and answers all the purposes for which it was designed. And so the silver dollar, if restored to our coinage, would greatly add to the convenience of the people. But this coin should be subject to the same rule, as to issue and convertibility, as other forms of money. If the market value of the silver in it were less than that of gold coin of the same denomination, and it were issued in unlimited quantities, and made a legal-tender for all debts, it would demonetize gold, and depreciate our paper money.

"The importance of gold, as the standard of value, is conceded by all. Since 1834, it has been practically the sole coin standard of the United States, and, since 1815, has been the sole standard of Great Britain. Germany has recently adopted the same standard. France and other Latin nations have suspended the coinage of silver, and, it is supposed, will gradually either adopt the sole standard of gold, or provide for the convertibility of silver coin, on the demand of the holder, into gold coin.

"In the United States several experiments have been made, with the view of retaining both gold and silver in circulation. The Second Congress undertook to establish the ratio of fifteen of silver to one of gold, with free coinage of both metals. By this ratio gold was undervalued, as one ounce of gold was worth more in the markets of the world than fifteen ounces of silver, and gold therefore was exported. To correct

this, in 1837, the ratio was fixed at sixteen-to-one, but sixteen ounces of silver were worth in the market more than one ounce of gold, so that silver was demonetized.

"These difficulties, in the adjustment of gold and silver coinage, were fully considered by Congress, prior to the passage of the act approved February 21, 1853. By that act a new and, it was believed, a permanent policy was adopted, to secure the simultaneous circulation of both silver and gold coins in the United States. Silver fractional coins were provided for at a ratio of 14.88 in silver to one in gold, and were only issued in exchange for gold coin. The right of private parties to deposit silver bullion for such coinage was repealed, and these coins were issued from bullion purchased by the Treasurer of the Mint, and only upon the account, and for the profit of the United States. The coin was a legal-tender only in the payment of debts for all sums not exceeding five dollars. Though the silver in this coin was worth, in the market 3.13 cents on the dollar less than gold coin, yet its convenience for use as change, and its issue by the Government only in exchange for, and its practical convertibility into gold coin, maintained it in circulation at par with gold coin. If the slight error in the ratio of 1792 prevented gold from entering into circulation for forty-five years, and the slight error in 1837 brought gold into circulation, and banished silver until 1853, how much more certainly will an error now, of nine per cent., cause gold to be exported, and silver to become the sole standard of value? Is it worth while to travel again the round of errors, when experience has demonstrated that both metals can only be maintained in circulation together, by adhering to the policy of 1853?

"The silver dollar was not mentioned in the Act of 1853, but from 1792 until 1874 it was worth more in the market than the gold dollar provided for in the Act of 1837. It was not a current coin, contemplated as being in circulation at the passage of the Act of February 12, 1873. The whole amount of such dollars, issued prior to 1853, was $2,553,000. Subsequent to 1853, and until it was dropped from our coinage in 1873, the total amount issued was $5,492,838, or an aggregate of $8,045,838, and this was almost exclusively for exportation.

"By the Coinage Act, approved February 12, 1873, fractional silver coins were authorized, similar in general character to the coins of 1853, but with a slight increase of silver in them, to make them conform exactly to the French coinage, and the old dollar was replaced by the trade dollar of 420 grains of standard silver.

"Much complaint has been made that this was done with the design of depriving the people of the privilege of paying their debts in a cheaper money than gold, but it is manifest that this is an error. No one did, or could, foresee the subsequent fall in the market value of silver. The silver dollar was an unknown coin to the people, and was

not in circulation, even on the Pacific slope, where coin was in common use. The trade dollar of 420 grains was provided for, because it was believed that it was better adapted to supersede the Mexican dollar in the Chinese trade, and the experiment, proved this to be true. Since the dollar was authorized, $30,710,400 have been issued or nearly four times the entire issue of old silver dollars, since the foundation of the Government. Had not the Coinage Act of 1873 been passed, the United States would now be compelled to suspend the free coinage of silver dollars, as the Latin nations did, or to have silver as the sole coin standard of value.

"Since February, 1873, great changes have occurred in the market value of silver. Prior to that time the silver, in the old silver dollar, was worth more than a gold dollar, while at present it is worth about ninety-two cents. If, by law, any holder of silver bullion might deposit it in the mint and demand a full legal-tender for every 412½ grains of standard silver deposited, the result would be inevitable, that, as soon as the mints could supply the demand, the silver dollar would, by a financial law as fixed and invariable as the law of gravitation, become the only standard of value. All forms of paper money would fall to that standard, or below it, and gold would be demonetized and quoted at a premium equal to its value in the markets of the world. For a time the run to deposit bullion at the mint would give to silver an artificial value, of which the holders and producers of silver bullion would have the sole benefit. The utmost capacity of the mints would be employed for years to supply this demand, at the cost of, and without profit to the people. The silver dollar would take place of gold as rapidly as coined, and be used in the payment of customs duties, causing an accumulation of such coins in the Treasury. If used in paying the interest on the public debt, the grave questions already presented would arise with public creditors, seriously affecting the public credit.

"It is urged that the free coinage of silver, in the United States, will restore its market value to that of gold. Market value is fixed by the world, and not by the United States alone, and is effected by the whole mass of silver in the world. As the enormous and continuous demand for silver in Asia has not prevented the fall in silver, it is not likely that the limited demand for silver coin in this country, where paper money is now, and will be the chief medium of exchange, will cause any considerable advance in its value. This advance, if any, will be secured by the demand for silver bullion for coin, to be issued by and for the United States, as well as if it were issued for the benefit of the holder of the bullion. If the financial condition of our country is so grievous, that we must, at every hazard, have a cheaper dollar, in order to lessen the burden of debts already contracted, it is far better, rather than to adopt the single standard of silver, to boldly reduce the number of grains in the gold dollar, or to abandon and retrace all

efforts to make United States notes equal to coin. Either expedient will do greater harm to the public at large than any possible benefit to debtors.

"The free coinage of silver will so impair the pledge made of the customs duties, by the Act of February, 1862, for the payment of the interest of the public debt. The policy thus far adhered to, of collecting these duties in gold coin, has been the chief cause of upholding and advancing the public credit, and making it possible to lessen the burden of interest by the process of refunding.

"In view of these considerations, the Secretary has felt it to be his duty to earnestly urge upon Congress the serious objections to the free coinage of silver, on such conditions as will demonetize gold, greatly disturb all the financial operations of the Government, suddenly revolutionize the basis of our currency, throw upon the Government the increased cost of coinage, arrest the refunding of the public debt, and impair the public credit, with no apparent advantage to the people at large.

"The Secretary believes that all the beneficial results, hoped for from a liberal issue of silver coin, can be secured by issuing this coin, in pursuance of the general policy of the Act of 1853, in exchange for United States notes, coined from bullion purchased in the open market, by the United States, and maintaining it by redemption, or otherwise, at par with gold coin. It could be made a legal-tender for such sums, and on such contracts as would secure to it the most general circulation. It could be easily redeemed in United States notes and gold coin, and only re-issued when demanded for public convenience. If the essential quality of redeemability given to United States notes, bank bills, tokens, fractional coins, and currency maintains them at par, how much easier it would be to maintain the silver dollar, of intrinsic market value, nearly equal to gold, at par with gold coin, by giving to it the like quality of redeemability. To still further secure a fixed relative value of silver and gold, the United States might invite an international convention of commercial nations. Even such a convention, while it might check the fall of silver, could not prevent the operation of that higher law which places the market value of silver above human control. Issued upon conditions here stated, the Secretary is of opinion that the silver dollar will be a great public advantage, but that if issued without limit, upon the demand of the owners of silver bullion, it will be a great public injury." . . .

At this time there had been coined, under the Resumption Act, about $42,000,000 of fractional silver, and $30,710,400 of

trade dollars under the Act of 1873. Only a portion of the trade dollars were in circulation in domestic trade, but, counting the whole of the silver coinage, it did not amount to more than $73,000,000 at the time this report was presented. The coinage of the trade dollar had been discontinued, and it was only a matter of time when all of them would be retired. This left, or would leave, ample room in the circulation for a large amount of silver coin. The real need of the time was not to defeat measures for an increase in silver coinage, but to prevent the coinage in such amounts, and under such conditions, as would demonetize gold, and overthrow the established standard. Secretary Sherman's argument was directed to this point. He recommended the application of the principle of redeemability to the silver coinage. In closing his report, he said:—

"The Secretary believes that all the beneficial results, hoped for from the liberal use of silver coin, can be secured by issuing this coin in pursuance of the general policy of the Act of 1853, in exchange for United States notes, coined from bullion purchased in the open market, by the United States, and maintain it by redemption, or otherwise, with gold coin."

He also favored an international convention of commercial nations, with a view to establishing a fixed ratio between the metals.

This report, of Secretary Sherman, was a most judicious intervention between the clamorous demand for the free coinage of silver, and the ultra conservative opposition to all silver coinage, other than for small change. At this time the Bland Free Coinage Bill was before the Senate Finance Committee. Secretary Sherman did not stop at this formal argument against free coinage, but he took the matter up with members of the Senate Finance Committee, in an endeavor to obtain something which would satisfy the need for increased silver coinage, and to defeat the Bland Bill. On the tenth of December he wrote a letter to Senator Allison, in

which he invoked the Senator's aid in defeating the Free Coinage Bill. The last paragraph of the letter is as follows:—

"I wish I could impress you as I feel about this matter, and I know you would then share in the responsibility, if there is any, in so amending this Bill, that we can have all that is good out of it without the sure evil that may come from it, if it arrests on funding and resumption operations."

The Bland Bill provided that any owner of silver bullion, sufficiently fine for mint operations, might take it to any mint in the United States, and have it coined into silver dollars of 412½ grains, at the expense of the Government, and that these dollars should be legal-tender for all debts, public and private. The first and most apparent objection to the Bill was that it was an injustice to require the Government to turn ninety-two cents worth of silver into a dollar, for the sole benefit of the owner of the bullion. If the Government stamp could thus enhance the value of metal, worked through the mint, it ought to be done for the general good, and not for a limited class. The Senate Finance Committee amended the Bill so as to wholly eliminate the free coinage provision, and provided for the liberal coinage of the silver dollar of 412½ grains, upon Government account. The Senate Bill, afterwards known as the Bland-Allison law, provided that the Government should purchase, at the market price, silver bullion to the amount of not more than four million dollars, nor less than two million dollars worth each month, and this should be coined into silver dollars of 412½ grains, and that these coins should be a legal-tender for all debts, public and private, except when the contract otherwise expressly provided. A second section was added, providing that the President, immediately after the passage of the Act, should invite the governments composing the Latin Union, and such other European countries as he might deem advisable, to join the United States in a conference, with the view of agreeing upon a fixed ratio between gold and silver, and of establishing, internation-

ally, the use of bimetallic money. A third section provided that the silver dollars, coined under the Act, might be deposited with the Treasurer, or any assistant Treasurer of the United States, in sums of not less than ten dollars, and that there should be issued thereon, to the owner, certificates, and these certificates should be receivable for customs taxes, and all public dues, and when so received might be re-issued. The dollars, so deposited, were to be retained in the Treasury for the redemption of the certificates. The Bill, thus amended, passed the Senate, and the amendments were concurred in by the House. It was vetoed by President Hayes, but passed over the veto, and became a law on February 28, 1878.

Secretary Sherman did not agree with the President, in his veto of the Bland-Allison Bill. He believed that the demands of the silver advocates would not cease until some legislation was obtained, and, in view of the rapidly rising tide of silver sentiment, he was fearful that a free coinage law might be passed, and, that it was better to settle the question in the form of this Bill, rather than to prolong the uncertainty. The Secretary was anxious to resume the resumption and refunding operations, and he thought that this settlement of the silver question would enable him to do so.

The attitude of the administration, in opposition to the Bland Bill, brought out in the Congressional debates, a letter which Secretary Sherman had, some years before, written to Dr. Mann, of Brooklyn, upon the subject of paying the bonds in legal-tenders. This letter was written on the twentieth day of March, 1868, and accompanied a printed copy of a speech which Mr. Sherman had delivered, in the Senate, upon a bill to allow the United States notes to be converted into a four per cent. bond. The letter did not pretend to set forth his views fully, or with certain qualifications which the speech contained. The letter said:—"I send you my views, as fully stated in a speech." The essential qualifications which Senator Sherman placed upon the proposition to pay the bonds, in legal-tender notes, was that these notes should

be brought to a par with coin, before the Government could honorable force upon the bondholder this form of payment. This letter to Dr. Mann was quoted in the debates, to sustain the proposition to pay the bonds in silver dollars. The point made was that, if it was not a violation of the National honor to pay the bonds in depreciated greenbacks, it was not to pay them in silver dollars. There was no parallel, however, in the cases. At the time the Matthews Resolution was considered, and passed, there was no obligation on the part of the Government, either express or implied, to redeem or sustain the silver dollar of 412½ grains, if authorized. It was not until 1890 that the Nation obligated itself to maintain the parity of gold and silver. When the Bland-Allison Bill passed, the Government assumed no obligation toward the silver dollar, except to receive it for customs, taxes and all public dues. The greenback dollar occupied an entirely different position. It was an express promise by the Government to pay a dollar at some time. There was behind it the faith of the Nation, either to redeem the promise by the payment of a coin dollar for the paper promise, or to make it equal in value to the coin dollar.

In explanation of the circumstances, under which the Mann letter was written, and to correct an erroneous interpretation which certain gentlemen had put upon it, Secretary Sherman wrote Senator Morrill a letter, under date of March 26, 1878. The following is a paragraph from this letter:—

"This is in exact harmony with the position I held when I wrote the letter to Dr. Mann, and that I now maintain, the primary principle being that the United States notes shall be first brought to par in coin before they shall be forced upon the public creditor, in payment of his bonds. This act is the settled law, and whatever any man's opinions were before it passed, he would assure a grave responsibility who would seek to evade its terms, weaken its authority, or change its provisions. It has entered into every contract made since that time. It has passed the ordeal of four Congresses, and two elections for Presidents. It cannot be revoked without public dishonor. So far as the bondholder is concerned, it is an executed law. Over $700,000,000 of bonds have been redeemed in coin under it, and the civilized world regards all the re-

mainder as covered by its sanction, and in their faith in our securities, the second only in the markets of the world. The law is not quite executed, so far as the note holder is concerned. His note is not quite as good as coin. Congress has debated ever since its passage, the best mode to make it good. The Senate, in 1870, provided in the third section of the Refunding Act, as it passed that body, that these notes might be converted into four per cent. bonds, but the House would not concur. Everybody can now see that if this had been done these notes would now be at par in coin. Other expedients were proposed, and finally the Resumption Act was passed, and if undisturbed, is now on the eve of execution."

He referred in this paragraph to the Act of 1869, to strengthen the public credit, and particularly to that part which provided "that none of the interest-bearing obligations, not already due, shall be redeemed, or paid before maturity, unless at such times as the United States notes shall be convertible into coin, at the option of the holder."

Before the passage of the Bland-Allison law, on February 28, (1878), Secretary Sherman had ended the second Syndicate contract, and made an attempt to continue the sale of the four per cent. bonds through popular subscriptions. On the sixteenth of January, (1878), the Secretary of the Treasury published notices, that on and after January 26th, subscriptions for the four per cent. loan would be received. The notice required two per cent. of the purchase money to accompany the subscription, to guarantee the good faith of the subscriber, and the balance should be paid within thirty days, at the pleasure of the purchaser. To accommodate subscribers, the purchase-money would be received in called bonds, coupons past due, or maturing in thirty days, or gold certificates issued under the Act of March 3, 1863. The response to this advertisement made it quite apparent that the proposed silver legislation, and the renewal of the agitation for the payment of the bonds in greenbacks, had so frightened the public that no considerable amounts of the four per cent. bonds could be sold through popular subscriptions. This method of selling bonds had to be abandoned for the time being. During

the winter various committees of Congress called the Secretary of the Treasury before them, and examined him at great length, as to the preparation he was making for resumption, and as to the ability of the Treasury to resume at the time fixed by law. At this time the Secretary was able to make a very satisfactory showing as to the Treasury condition — the only real doubt being as to whether he could sell $50,000,000 of bonds for gold between that and January 1, (1879). He felt certain that if he could increase the coin redemption fund fifty millions by January 1st, the fund would then be ample to begin resumption operations. Some members of the House Committee were very skeptical about the Secretary's ability to get so much gold in so short a time. They questioned whether he had as much available gold as he showed by the Treasury statements, and doubted if specie payments could be maintained if began. The Secretary waited, after the passage of the Bland-Allison law, until financial conditions has somewhat settled to the new order, and then he developed his plan for securing the additional $50,000,000 of gold. He was authorized, under the Resumption Act, to sell any of the bonds provided for in the Act of 1870, and these were five, four and one-half and four per cents.

The Secretary did not divulge his purpose or plan until it was consummated, and then it was given the widest publicity. He conceived the idea of inviting competition between the old Syndicate and an association of National banks, for the purchase of such of the bonds as he was authorized to sell for resumption purposes. With this in view, on April 5, 1878, he indited a note to August Belmont and Co., of New York, as the American representative of the old Syndicate, inviting him and his associates to meet the Secretary at four o'clock, Monday afternoon, at the Fifth Avenue Hotel, New York, to confer upon the subject of selling $50,000,000 of bonds, for gold coin or bullion. On the same day he wrote a note inviting certain National bankers, of New York, to meet him on Tuesday, at the office of the Assistant Treasurer

in New York, to confer upon the same subject. He first met Messrs. Belmont, Seligman, Bliss, Fabri and Fahnestock, representing the old Syndicate, proposed to sell them $50,000,000 of the four per cents., the proceeds to be used for resumption. The concensus of opinion of Mr. Belmont and his associates was that the four per cents. could not be sold for par, and that for the time it would be useless to offer them. The Secretary then proposed the four and one-half per cent. bonds at 103, but the bankers declined to undertake the negotiation of the bonds at that price. He then asked them to make a proposition for the four and one-half per cents. They then made a tentative proposition, subject to the approval of the foreign members, of 101. And thus the matter stood until a conference was had with the National bank representatives. These representatives, after the Secretary had announced the object of the meeting, and after resumption had been somewhat discussed, proposed, that a number of associated National banks of New York, Boston, Philadelphia and Baltimore would engage to negotiate at par $50,000,000 of the four and one-half per cent. bonds. This proposition, not being so good as the Syndicate's, was declined. In connection with the approval of the Syndicate proposition, the Rothschilds cabled an offer of 101 for $100,000,000 four and one-half per cents. one-half to be used for resumption, and one-half in refunding. The Secretary declined to sell more than fifty millions, all to be for resumption purposes, but proposed the sale of fifty millions at 101½, the Syndicate to have one-half of one per cent. commission, and to pay all expenses of advertising, etc., in making sales of the bonds. This was accepted, the details duly agreed upon, and a formal contract in writing entered into.

The contract provided, in substance, that the Syndicate should take immediately $10,000,000 of the bonds, and that the parties designated should subscribe for the balance of the $50,000,000, at the rate of not less than $5,000,000 for each and every month, after the month of April, (1878). The contract was signed by John Sherman, Secretary of the Treasury,

of the first part, and for the Government of the United States, and J. W. Seligman & Co., Morton Bliss & Co., August Belmont & Co., The First National Bank, of New York, and Drexel, Morgan & Co., parties of the second part. It was signed on the eleventh day of April, 1878.

The newspapers, opposed to resumption, seized upon the making of this contract as an opportunity to make grossly unjust attacks upon Secretary Sherman. Many of these papers misrepresented its terms, or attempted to suppress its true character and purpose. A few charged Mr. Sherman with personal dishonesty in making it, and that he was to share in the commissions of the banks. The newspapers, favorable to resumption, generally sustained him, and did everything possible to remove misapprehension, and to correct misinformation. It was alleged that the contract was made in secret, and that its terms had not been disclosed. There was not the slightest foundation for such charge. The negotiations were conducted in the presence of a number of Government officials, besides the Secretary, and the propositions made by the Syndicate were freely communicated to the bank presidents. As soon as the matter was closed, the newspapers printed copies of the contract, and were fully informed of all that had occurred. Within a few days, Mr. Sherman transmitted to General Ewing, acting chairman of the House Committee in Banking and Currency, copies of the contract, and of all the correspondence which had passed between him and the Syndicate and the bank presidents. The only secret in the whole transaction was in the fact that the Secretary had not published his plans. Under the circumstances the price secured for the bonds was an excellent one. The offer of the bank presidents was par, and they preferred to sell the bonds on government account, and proposed to do so without compensation. This contract rendered absolutely certain the success of resumption, barring one contingency, and that was the repeal of the law, by Congress. The bill repealing the law, which had passed the House, was still pending in the Senate Finance Committee. An equal number of the members of the

Committee were for and against the bill, with Senator Ferry, of Michigan, holding the deciding vote. Senator Ferry had favored an enlargement of the currency, as a remedy for the business depression, and he was not classed as over friendly to the Resumption Act, and the sentiment of his State was strongly for inflation. Secretary Sherman made a direct personal appeal to Senator Ferry to vote against reporting the repealing bill. While the bill, if passed by Congress, would certainly have met the veto of the President, yet Mr. Sherman was fearful that its passage would have a discouraging influence on financial conditions, and especially in the sale of bonds. With this contract, and Congress adjourned, he saw the way to resumption straight, and open before him. There still continued complaints that the volume of currency was not sufficient. Congress was importuned to stop the retirement of the greenbacks, under the section of the Resumption Act, requiring a certain percentage of greenbacks to be retired, and cancelled as National bank notes, were issued. The Secretary of the Treasury finally recommended that the further retirement cease. The Secretary made this recommendation to still, if possible, the voice of clamor. His purpose was to concede non-essentials in the act, in order that the execution of its essential parts might be met with less opposition. On the thirty-first of May, (1878), Congress passed "An Act to Forbid the Further Retirement of United States Legal-tender Notes."

These notes amounted at this time to $346,681,016, and at that amount they have remained since. Up to this legislation the gold redemption fund was fixed at $120,000,000, or forty per cent. of the three hundred million notes which was contemplated would exist on the first day of January, 1879. This act necessitated an increase in the gold reserve fund to $138,000,000, and this entailed upon the Treasury the burden of collecting a larger reserve than had been contemplated. The Secretary thought, and wisely, that it would be better to provide additional gold, rather than to face a continuation of the popular demand for an increase of currency. It has been charged that Mr. Sherman at times conceded too much

to popular demands, or popular clamor. He never conceded a vital point, nor a question of principle; when, in his public duties, he aimed at the securement of some important result, and that result could be accomplished only by conceding something of a non-essential character, and not involving any great principle, he conceded it simply to secure the greater good. Mr. Sherman was not simply a financier, he also knew something of the diplomacy of statesmanship, and he practiced it upon fitting occasions.

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